

*Reprinted*

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APPROPRIATIONS CALENDAR

HOUSE FILE 2462

BY COMMITTEE ON APPROPRIATIONS

Passed House, Date 4/6/92 (p. 1114) Passed Senate, Date 4/13/92  
Vote: Ayes 51 Nays 48 Vote: Ayes 26 Nays 24

(P. 1373)

Approved, June 3, 1992  
*[Signature]*

A BILL FOR

1 An Act appropriating funds to the department of economic  
2 development, the Iowa finance authority, the Wallace  
3 technology transfer foundation, INTERNET, state university of  
4 Iowa, and Iowa state university of science and technology.

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

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HF 2462

ECONOMIC DEVELOPMENT APPROPRIATIONS

Section 1. There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATIVE SERVICES DIVISION

a. General administration

For salaries, support, maintenance, miscellaneous purposes, to implement total quality management, and for not more than the following full-time equivalent positions:

.....	\$	789,000
.....	FTEs	21.00

Total quality management is achieved through an incremental long-term process involving employee teams examining and improving work procedures, using data-based problem-solving tools to analyze work systems, and making improvements which enhance service to the citizens of Iowa.

b. Information management center

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	361,000
.....	FTEs	7.50

c. Film office

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	125,000
.....	FTEs	2.00

2. BUSINESS DEVELOPMENT DIVISION

a. Business development operations

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions, provided that not more than 30 percent of the funds

1 appropriated may be used for administration. The balance  
2 shall be used for marketing advertising:

3 ..... \$ 2,530,555  
4 ..... FTEs 14.00

5 b. Small business programs

6 For salaries, support, maintenance, miscellaneous purposes,  
7 and for not more than the following full-time equivalent  
8 positions for the small business program, the small business  
9 advisory council, targeted small business program, and  
10 business incubators, of which \$46,424 shall be allocated for  
11 the administration of the targeted small business program and  
12 \$50,000 shall be used to fund, with local matching funds, a  
13 targeted small business incubator in each county with a  
14 population greater than two hundred fifty thousand:

15 ..... \$ 323,000  
16 ..... FTEs 5.50

17 c. Federal procurement office

18 For salaries, support, maintenance, miscellaneous purposes,  
19 and for not more than the following full-time equivalent  
20 positions:

21 ..... \$ 96,953  
22 ..... FTEs 3.00

23 Notwithstanding section 8.33, moneys remaining unencumbered  
24 or unobligated on June 30, 1993, shall not revert and shall be  
25 available for expenditure during the fiscal year beginning  
26 July 1, 1993, for the same purposes.

27 d. Strategic investment fund

28 For deposit in the strategic investment fund established in  
29 House File 2357, if enacted, for salaries, support, and for  
30 not more than the following full-time equivalent positions:

31 ..... \$ 5,795,733  
32 ..... FTEs 10.00

33 Notwithstanding section 8.33, moneys in the strategic  
34 investment fund at the end of each fiscal year shall not  
35 revert to the general fund but shall remain in the strategic

1 investment fund.

2 e. Business development finance corporation

3 Notwithstanding section 28.148, of the funds on deposit in  
4 the business development finance corporation assistance fund,  
5 all of the capital access program funds, or so much thereof as  
6 are remaining and unobligated, shall be transferred to the  
7 strategic investment fund established by House File 2357, if  
8 enacted.

9 3. COMMUNITY AND RURAL DEVELOPMENT DIVISION

10 a. Community assistance

11 For salaries, support, maintenance, miscellaneous purposes,  
12 and for not more than the following full-time equivalent  
13 positions for administration of the community economic  
14 preparedness program, the Iowa community betterment program,  
15 and the city development board:

16 .....	\$	500,000
17 .....	FTEs	7.50

18 b. Main street/rural main street program

19 For salaries and support for not more than the following  
20 full-time equivalent positions:

21 .....	\$	353,386
22 .....	FTEs	3.50

23 Notwithstanding section 8.33, moneys committed to grantees  
24 under contract that remain unexpended on June 30 of any fiscal  
25 year shall not revert to any fund but shall be available for  
26 expenditure for purposes of the contract during the succeeding  
27 fiscal year.

28 c. Rural development program

29 For salaries, support, maintenance, miscellaneous purposes,  
30 and for not more than the following full-time equivalent  
31 positions for rural resource coordination, rural community  
32 leadership, and the rural enterprise fund:

33 .....	\$	600,000
34 .....	FTEs	2.50

35 Notwithstanding section 8.33, moneys obligated or committed

1 to grantees under contract that remain unexpended at the end  
2 of the fiscal year shall not revert but shall be available for  
3 expenditure for purposes of the contract during succeeding  
4 fiscal years.

5 d. Community development block grant and HOME

6 For administration and related federal housing and urban  
7 development grant administration for salaries, support,  
8 maintenance, miscellaneous purposes, and for not more than the  
9 following full-time equivalent positions:

10 .....	\$	375,397
11 .....	FTEs	18.75

12 4. INTERNATIONAL DIVISION

13 a. International trade operations

14 For conducting foreign trade missions on behalf of Iowa  
15 businesses, salaries, support, maintenance, miscellaneous  
16 purposes, and for not more than the following full-time  
17 equivalent positions:

18 .....	\$	375,000
19 .....	FTEs	6.00

20 b. Foreign trade offices

21 For salaries, support, maintenance, miscellaneous purposes,  
22 and for not more than the following full-time equivalent  
23 positions for two trade offices:

24 .....	\$	500,000
25 .....	FTEs	3.50

26 c. Export trade assistance program

27 For export trade activities, including a program to  
28 encourage and increase participation in trade shows and trade  
29 missions by providing financial assistance to businesses for a  
30 percentage of their costs of participating in trade shows and  
31 trade missions, by providing for the lease/sublease of  
32 showcase space in existing world trade centers, by providing  
33 temporary office space for foreign buyers, international  
34 prospects, and potential reverse investors, and by providing  
35 other promotional and assistance activities, including

1 salaries and support for not more than the following full-time  
2 equivalent positions:

3 ..... \$ 334,000  
4 ..... FTEs .25

5 d. Agricultural product advisory council

6 For support, maintenance, and miscellaneous purposes:

7 ..... \$ 1,400

8 5. TOURISM DIVISION

9 a. Tourism operations

10 For salaries, support, maintenance, miscellaneous purposes,  
11 and for not more than the following full-time equivalent  
12 positions, provided that the appropriation shall not be used  
13 for advertising placements for in-state and out-of-state  
14 tourism marketing:

15 ..... \$ 650,000  
16 ..... FTEs 14.97

17 b. Tourism advertising

18 For contracting exclusively for tourism advertising for in-  
19 state and out-of-state tourism marketing services, tourism  
20 promotion programs, electronic media, print media, and printed  
21 materials:

22 ..... \$ 2,250,000

23 The department shall not use the moneys appropriated in  
24 this paragraph unless the department develops public-private  
25 partnerships with Iowa businesses in the tourism industry,  
26 Iowa tour groups, Iowa tourism organizations, and political  
27 subdivisions in this state to assist in the development of  
28 advertising efforts. The department shall, to the fullest  
29 extent possible, develop cooperative efforts for advertising  
30 with contributions from other sources.

31 c. Welcome center program

32 To implement the recommendations of the statewide long-  
33 range plan for developing and operating welcome centers  
34 throughout the state:

35 ..... \$ 208,625

1 Notwithstanding section 8.33, pursuant to 1990 Iowa Acts,  
2 chapter 1255, section 37, subsection 1, as amended by 1991  
3 Iowa Acts, chapter 260, section 1001, the department may use  
4 up to \$200,000 for a welcome center project based upon the  
5 department's prioritization report, dated December 1991, and  
6 moneys committed to grantees under contract that remain  
7 unexpended on June 30 of any fiscal year shall not revert to  
8 any fund but shall be available for expenditure for purposes  
9 of the contract during the succeeding fiscal year.

10 6. WORK FORCE DEVELOPMENT DIVISION

11 a. Youth work force programs

12 For purposes of the conservation corps, including salary,  
13 support, maintenance, miscellaneous purposes, and for not more  
14 than the following full-time equivalent positions:

15 .....	\$	1,000,000
16 .....	FTEs	1.90

17 Notwithstanding section 8.33, moneys committed to grantees  
18 under contract that remain unexpended on June 30 of any fiscal  
19 year shall not revert to any fund but shall be available for  
20 expenditure for purposes of the contract during the succeeding  
21 fiscal year.

22 b. Job retraining program

23 To the Iowa employment retraining fund created in section  
24 15.298, including salaries and support for not more than the  
25 following full-time equivalent positions:

26 .....	\$	932,831
27 .....	FTEs	.60

28 c. Work force investment program

29 For purposes of the work force investment program, for  
30 projects that increase Iowa's pool of available labor via  
31 training and support services, including salaries and support  
32 for not more than the following full-time equivalent positions  
33 and for the administration of the program on a competitive  
34 grant basis, with priority in the expenditure of job training  
35 partnership Act and workforce investment program funds given

1 to projects which serve welfare recipients and displaced  
2 homemakers, by the department in consultation with the state  
3 job training coordinating council:

4 ..... \$ 500,000  
5 ..... FTEs .90

6 Notwithstanding section 8.33, moneys obligated or committed  
7 to grantees under contract that remain unexpended at the end  
8 of the fiscal year, shall not revert but shall be available  
9 for expenditure for purposes of the contract during succeeding  
10 fiscal years.

11 d. Labor management councils

12 For salaries, support, maintenance, miscellaneous purposes,  
13 and for not more than the following full-time equivalent  
14 positions:

15 ..... \$ 195,745  
16 ..... FTEs 1.00

17 The department shall not use moneys appropriated in this  
18 paragraph for grants to grantees who do not facilitate the  
19 active participation of labor as members of labor management  
20 councils or who fail to make a good faith effort to either  
21 schedule meetings during nonworking hours or obtain voluntary  
22 agreements with employers to allow employees time off to  
23 attend labor management council meetings with no loss of pay  
24 or other benefits.

25 Notwithstanding section 8.33, moneys committed to grantees  
26 under contract that remain unexpended on June 30 of any fiscal  
27 year shall not revert to any fund but shall be available for  
28 expenditure for purposes of the contract during the succeeding  
29 fiscal year.

30 7. For transfer to the Iowa product development  
31 corporation fund established in section 28.89:

32 ..... \$ 887,500  
33 ..... FTEs 5.00

34 Sec. 2. Notwithstanding section 28.120, subsections 5, 6,  
35 and 7, and section 15.287, there is appropriated from the Iowa



1 community development loan fund to the department of economic  
2 development for the fiscal year beginning July 1, 1992, and  
3 ending June 30, 1993, \$50,000, or so much thereof as is  
4 necessary, to be used for rural development financing with  
5 \$456,000 or the remainder of the Iowa community development  
6 loan fund on June 30, 1992, whichever is greater, to be  
7 transferred only to the rural development program.

8 Sec. 3. Notwithstanding section 15.251, subsection 2,  
9 there is appropriated from the job training fund created in  
10 the office of the treasurer of state to the department of  
11 economic development for the fiscal year beginning July 1,  
12 1992, and ending June 30, 1993, the following amounts, or so  
13 much thereof as is necessary, to be used for the purposes  
14 designated:

15 1. For administration of chapter 280B, including salaries,  
16 support, maintenance, miscellaneous purposes, and for not more  
17 than the following full-time equivalent positions:

18 .....	\$	125,000
19 .....	FTEs	2.40

20 2. For the target alliance program:

21 .....	\$	30,000
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22 3. For allocation to the community colleges to supplement  
23 the coordination and instruction of apprentice related  
24 instruction, and instructional equipment for apprenticeship  
25 programs as provided in section 280A.44 on the basis of the  
26 percentage of total contact hours enrolled in apprenticeship  
27 training at community colleges as of July 1, 1992, if funds  
28 remain in the job training fund after the appropriations in  
29 subsections 1 and 2 are made.

30 .....	\$	125,000
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31 Sec. 4. There is appropriated from the community college  
32 job training fund created in section 280C.6, subsection 1, to  
33 the department of economic development for the fiscal year  
34 beginning July 1, 1992, and ending June 30, 1993, the  
35 following amount, or so much thereof as is necessary, to be

1 used for the purposes designated:

2 For salaries, support, maintenance, and miscellaneous  
3 purposes for the administration of the Iowa small business new  
4 jobs training Act, and for not more than the following full-  
5 time equivalent positions:

6 .....	\$	38,954
7 .....	FTEs	.70

8 Sec. 5. There is appropriated from the general fund of the  
9 state to the Iowa finance authority for the fiscal year  
10 beginning July 1, 1992, and ending June 30, 1993, the  
11 following amount, or so much thereof as is necessary, to be  
12 used for the purpose designated:

13 For deposit in the housing improvement fund created in  
14 section 220.100 for purposes of the fund:

15 ..... \$ 1,573,550

16 Sec. 6. There is appropriated from the general fund of the  
17 state to the Wallace technology transfer foundation for the  
18 fiscal year beginning July 1, 1992, and ending June 30, 1993,  
19 the following amounts, or so much thereof as is necessary, to  
20 be used for the purposes designated:

21 For salaries, support, maintenance, and other operational  
22 purposes, for funding the small business innovation research  
23 program, for funding activities as provided in section 28.158,  
24 and for transferring \$75,000 of the funds appropriated in this  
25 subsection to the Iowa quality coalition for productivity  
26 enhancement projects:

27 .....	\$	2,250,000
28 .....	FTEs	4.00

29 Sec. 7. There is appropriated from the general fund of the  
30 state to INTERNET for the fiscal year beginning July 1, 1992,  
31 and ending June 30, 1993, the following amount, or so much  
32 thereof as is necessary, to be used for the purposes  
33 designated:

34 For deposit in the international network on trade fund  
35 created by the INTERNET board, provided that \$290,250 shall be

1 allocated to the department of economic development for the  
2 Iowa international development foundation for the salaries and  
3 support for not more than 1.50 full-time equivalent positions  
4 for employees of the department of economic development,  
5 \$96,750 shall be allocated for the partner state program and  
6 the department may contract with private groups or  
7 organizations which are the most appropriate to administer  
8 this program, and the groups and organizations participating  
9 in the program shall, to the fullest extent possible, provide  
10 the funds to match the appropriation made in this section, and  
11 \$50,000 shall be allocated for the peace institute:

12 ..... \$ 800,000  
13 ..... FTEs 4.50

14 Sec. 8. There is appropriated from the general fund of the  
15 state to the Iowa state university of science and technology  
16 for the fiscal year beginning July 1, 1992, and ending June  
17 30, 1993, the following amount, or so much thereof as is  
18 necessary, to be used for the purposes designated:

19 For funding the small business development centers:  
20 ..... \$ 991,325

21 For funding the institute for physical research and  
22 technology:  
23 ..... \$ 3,000,000

24 Sec. 9. There is appropriated from the general fund of the  
25 state to the university of Iowa for the fiscal year beginning  
26 July 1, 1992, and ending June 30, 1993, the following amount,  
27 or so much thereof as is necessary, to be used for the purpose  
28 designated:

29 For funding the advanced drug development program at the  
30 Oakdale research park:  
31 ..... \$ 500,000

32 EXPLANATION

33 This bill appropriates funds from the state general fund  
34 and other funds to the department of economic development, the  
35 Iowa finance authority, the Wallace technology transfer

1 foundation, INTERNET, Iowa state university of science and  
2 technology, and the state university of Iowa subject to  
3 certain restrictions.

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## HOUSE FILE 2462

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1 Amend House File 2462 as follows:

2 1. Page 10, by inserting after line 31 the fol-  
3 lowing:

4 "Sec. \_\_\_\_ . Section 15.241, unnumbered paragraphs 1  
5 and 2, Code 1991, are amended to read as follows:

6 ~~The department shall establish, contingent upon the~~  
7 ~~availability of funds authorized for the program, a~~ A  
8 ~~"self-employment loan program, account" is established~~  
9 ~~within the strategic investment fund created in~~  
10 ~~section 15.313 to provide funding for the self-~~

11 ~~employment loan program which is to be conducted in~~  
12 coordination with the job training partnership program  
13 and other programs administered under section 15.108,  
14 subsection 6, paragraph "c". The department may  
15 contract with local community action agencies or other  
16 local entities in administering the program, and shall  
17 work with the department of employment services and  
18 the department of human services in developing the  
19 program.

20 The self-employment loan program shall administer a  
21 low-interest loan program to provide loans to low-  
22 income persons for the purpose of establishing or  
23 expanding small business ventures. The terms of the  
24 loans shall be determined by the department, but shall  
25 not be in excess of five ten thousand dollars to any  
26 single applicant or at a rate to exceed five percent  
27 simple interest per annum. ~~A self-employment loan~~  
28 ~~program revolving loan fund shall be established~~  
29 ~~within the department.~~ The department shall maintain  
30 records of all loans approved and the effectiveness of  
31 those loans in establishing or expanding small  
32 business ventures.

33 Sec. \_\_\_\_ . Section 15.241, Code 1991, is amended by  
34 adding the following new unnumbered paragraph:

35 NEW UNNUMBERED PARAGRAPH. Payments of interest and  
36 repayments of moneys loaned under this program shall  
37 be deposited into the strategic investment fund.

38 Sec. \_\_\_\_ . Section 15.247, subsections 2 and 3,  
39 Code 1991, are amended to read as follows:

40 2. ~~The department shall establish, contingent upon~~  
41 ~~the availability of funds authorized for the program,~~  
42 ~~a~~ A "targeted small business financial assistance  
43 program account" is established within the strategic  
44 investment fund created in section 15.313, to provide  
45 for loans, loan guarantees, revolving loans, loans  
46 secured by accounts receivable, or grants to targeted  
47 small businesses. A targeted small business in any  
48 year shall receive under this program not more than  
49 twenty-five thousand dollars in a loan or grant, and  
50 not more than forty thousand dollars in a guarantee,

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1 or a combination of loans, grants, or guarantees. The  
2 program shall provide guarantees not to exceed  
3 seventy-five percent for loans made by qualified  
4 lenders. The department shall establish a financial  
5 assistance reserve account from funds ~~provided for~~  
6 this allocated to the program account, from which any  
7 default on a guaranteed loan under this section shall  
8 be paid. In administering the program the department  
9 shall not guarantee loan values in excess of the  
10 amount credited to the reserve account and only moneys  
11 set aside in the loan reserve account may be used for  
12 the payment of a default.

13 3. All moneys designated for the targeted small  
14 business financial assistance program shall be  
15 credited to the ~~financial-assistance-reserve program~~  
16 account. ~~The department shall also establish an~~  
17 ~~administrative-account-from-which-the-operating-costs~~  
18 ~~of-the-program-shall-be-paid.--The department may~~  
19 ~~transfer-moneys-between-the-reserve-and-the~~  
20 ~~administrative-accounts-except-that-not-more-than~~  
21 ~~twenty-five-percent-of-the-moneys-shall-be-used-to~~  
22 ~~administer-the-fund~~. The department shall determine  
23 the actuarially sound reserve requirement for the  
24 amount of guaranteed loans outstanding.

25 Sec. \_\_\_\_ . Section 15.247, Code 1991, is amended by  
26 adding the following new subsection:

27 NEW SUBSECTION. 6. Payments of interest and  
28 repayments of moneys loaned under this program shall  
29 be deposited into the strategic investment fund.

30 Sec. \_\_\_\_ . NEW SECTION. 15.311 STRATEGIC  
31 INVESTMENT FUND.

32 This part shall be known as the "Iowa Strategic  
33 Investment Fund" program.

34 Sec. \_\_\_\_ . NEW SECTION. 15.312 PURPOSE.

35 The purpose of this part shall be to provide a  
36 mechanism for funding those programs listed in section  
37 15.313, subsection 2, in order to more efficiently  
38 meet the needs identified within those individual  
39 programs.

40 Sec. \_\_\_\_ . NEW SECTION. 15.313 STRATEGIC  
41 INVESTMENT FUND.

42 1. An Iowa strategic investment fund is created as  
43 a revolving fund consisting of any money appropriated  
44 by the general assembly for that purpose and any other  
45 moneys available to and obtained or accepted by the  
46 department from the federal government or private  
47 sources for placement in the fund. The fund shall  
48 also include all of the following:

49 a. All unencumbered and unobligated funds from the  
50 special community economic betterment program fund

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1 created under 1990 Iowa Acts, chapter 1262, section 1,  
2 subsection 18, remaining on June 30, 1992, all  
3 repayments of loans or other awards made under the  
4 community economic betterment account or under the  
5 community economic betterment program during any  
6 fiscal year beginning on or after July 1, 1985, and  
7 recaptures.

8 b. All unencumbered and unobligated funds from the  
9 self-employment loan program, the targeted small  
10 business financial assistance program, the  
11 microenterprise development revolving fund, financing  
12 rural economic development, or successor, loan program  
13 and the value-added agricultural products and  
14 processes financial assistance fund remaining on June  
15 30, 1992, and all repayments of loans or other awards  
16 made under these programs during any fiscal year  
17 beginning on or after July 1, 1992.

18 Notwithstanding section 8.33, moneys in the  
19 strategic investment fund at the end of each fiscal  
20 year shall not revert to any other fund but shall  
21 remain in the strategic investment fund for  
22 expenditure for subsequent fiscal years.

23 2. The assets of the fund shall be used by the  
24 department for the following programs and purposes:

25 a. The community economic betterment program  
26 created in sections 15.315 through 15.320.

27 b. The value-added agricultural products and  
28 processes financial assistance program created in  
29 sections 28.111 and 28.112.

30 c. The business development finance corporation  
31 created in sections 28.131 through 28.149.

32 d. The self-employment loan program created in  
33 section 15.241.

34 e. The targeted small business financial  
35 assistance program created in section 15.247.

36 f. To provide comprehensive management assistance  
37 for applicants or recipients of assistance from  
38 programs supported by the fund.

39 g. If funds are available under a federal  
40 microloan demonstration program, a portion of the  
41 moneys in the strategic investment fund may be  
42 utilized to access those federal funds to expand the  
43 state's small business financial assistance programs  
44 including the self-employment loan program and the  
45 targeted small business financial assistance program.

46 3. The director shall submit annually at a regular  
47 or special meeting preceding the beginning of the  
48 fiscal year, to the economic development board, the  
49 initial and other planned allocations from the  
50 strategic investment fund to be made for that fiscal

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1 year to the community economic betterment program, the  
2 value-added agricultural products and processes  
3 financial assistance program, the business development  
4 finance corporation, the self-employment loan program,  
5 and the targeted small business financial assistance  
6 program and for comprehensive management assistance.  
7 If funds are available under a federal microloan  
8 demonstration program, the director may recommend an  
9 allocation for that purpose. The plans may provide  
10 for increased or decreased allocations if the demand  
11 in a program indicates that the need exceeds the  
12 allocation for that program. The director shall  
13 report on a monthly basis to the board on the status  
14 of the funds and may present proposed revisions for  
15 approval by the board in January and April of each  
16 year. Unobligated and unencumbered moneys remaining  
17 in the strategic investment fund or any of its  
18 accounts on June 30 of each year shall be considered  
19 part of the fund for purposes of the next year's  
20 allocation.

21 Sec. \_\_\_\_ . NEW SECTION. 15.315 COMMUNITY ECONOMIC  
22 BETTERMENT PROGRAM.

23 This part shall be known as the "Community Economic  
24 Betterment Program."

25 Sec. \_\_\_\_ . NEW SECTION. 15.316 PURPOSE.

26 The purpose of this program is to assist  
27 communities and rural areas of the state with their  
28 economic development efforts and to increase  
29 employment opportunities for Iowans by increasing the  
30 level of economic activity and development within the  
31 state.

32 Sec. \_\_\_\_ . NEW SECTION. 15.317 PROGRAM.

33 1. The department shall establish a program to  
34 effectuate the purposes of this part by providing  
35 financial assistance for small business gap financing,  
36 new business opportunities, and new product and  
37 entrepreneurial development. These purposes may be  
38 accomplished by providing the following types of  
39 assistance:

40 a. A principal buy-down program to reduce the  
41 principal of a business loan.

42 b. An interest buy-down program to reduce the  
43 interest of a business loan.

44 c. Loans or forgivable loans to aid in economic  
45 development.

46 d. Loan guarantees for business loans made by  
47 commercial lenders.

48 e. Equity-like investments.

49 2. Only a political subdivision of this state may  
50 apply to receive funds for any of the purposes

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1 specified in subsection 1. The political subdivision  
2 shall make application to the department specifying  
3 the purpose for which the funds will be used.

4 3. The department shall not provide more than one  
5 million dollars for any project, unless approved by at  
6 least two-thirds of the members of the economic  
7 development board.

8 Sec. \_\_\_\_ . NEW SECTION. 15.318 RATING FACTORS AND  
9 CRITERIA.

10 In ranking applications for funds, the department  
11 shall consider a variety of factors including, but not  
12 limited to, the following:

13 1. The proportion of local match to be provided.

14 2. The proportion of private contributions to be  
15 provided, including the involvement of financial  
16 institutions.

17 3. The total number of jobs to be created or  
18 retained.

19 4. The size of the business receiving assistance.  
20 The department shall award more points to small  
21 businesses as defined by the United States small  
22 business administration than to other businesses.

23 5. The potential for future growth in the industry  
24 represented by the business being considered for  
25 assistance.

26 6. The need of the business for financial  
27 assistance from governmental sources. The department  
28 shall award more points to a business for which the  
29 department determines that governmental assistance is  
30 most necessary to the success of a project, than to  
31 other businesses.

32 7. The quality of the jobs to be created. In  
33 rating the quality of the jobs the department shall  
34 award more points to those jobs that have a higher  
35 wage scale, have a lower turnover rate, are full-time  
36 or career-type positions, provide comprehensive health  
37 benefits, or have other related factors which could be  
38 considered to be higher in quality, than to other  
39 jobs. Businesses that have wage scales substantially  
40 below that of existing Iowa businesses in that area  
41 should be rated as providing the lowest quality of  
42 jobs and should therefore be given the lowest ranking  
43 for providing such assistance.

44 8. The level of need of the political subdivision.

45 9. The impact of the proposed project on the  
46 economy of the political subdivision.

47 10. The impact of the proposed project on other  
48 businesses in competition with the business being  
49 considered for assistance. The department shall make  
50 a good faith effort to identify existing Iowa

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1 businesses within an industry in competition with the  
2 business being considered for assistance. The  
3 department shall make a good faith effort to determine  
4 the probability that the proposed financial assistance  
5 will displace employees of the existing businesses.  
6 In determining the impact on businesses in competition  
7 with the business being considered for assistance,  
8 jobs created as a result of other jobs being displaced  
9 elsewhere in the state shall not be considered direct  
10 jobs created.

11 11. The impact to the state of the proposed  
12 project. In measuring the economic impact the  
13 department shall award more points for projects which  
14 have greater consistency with the state strategic plan  
15 than other projects. Greater consistency may include  
16 any or all of the following:

17 a. A business with a greater percentage of sales  
18 out-of-state or of import substitution.

19 b. A business with a higher proportion of in-state  
20 suppliers.

21 c. A project which would provide greater  
22 diversification of the state economy.

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

24 e. A potential for future job growth.

25 f. A project which is not a retail operation.

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

32 13. If a business has, within three years of  
33 application for assistance, acquired or merged with an  
34 Iowa corporation or company, whether the business has  
35 made a good faith effort to hire the workers of the  
36 acquired or merged company.

37 14. Whether a business provides for a preference  
38 for hiring residents of the state or of the economic  
39 development area, except for out-of-state employees  
40 offered a transfer to Iowa or to the economic  
41 development area.

42 15. Whether all known required environmental  
43 permits have been issued and regulations met before  
44 moneys are released.

45 Sec. \_\_\_\_ . NEW SECTION. 15.319 MONITORING OF JOB  
46 CREATION AND RETENTION.

47 1. The department shall develop definitions for  
48 the terms "job creation" and "job retention" to  
49 measure and identify the actual number of permanent,  
50 full-time positions which businesses actually create

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1 or retain and which can be documented by comparison of  
2 the payroll reports during the twenty-four-month  
3 period after awards to the businesses are made.

4 2. The department shall document the actual job  
5 creation and retention effects of all businesses  
6 receiving financial assistance from the program in the  
7 context of the employer contribution and payroll  
8 reports filed by the businesses.

9 3. The department shall require businesses which  
10 receive assistance from the program to submit  
11 historical copies of the employer contributions and  
12 payroll reports with the application for funds,  
13 require businesses to submit the reports after an  
14 award is made on a timely basis, and require  
15 businesses to estimate the expected job creation and  
16 retention effects for the twelve-month and twenty-  
17 four-month periods after an award is made in terms of  
18 the number of employees and total wages as documented  
19 in the payroll reports.

20 Sec. \_\_\_\_ . NEW SECTION. 15.320 COMMUNITY ECONOMIC  
21 BETTERMENT PROGRAM ACCOUNT.

22 1. A community economic betterment program account  
23 is established within the strategic investment fund to  
24 be used by the department for the community economic  
25 betterment program. The account shall consist of all  
26 appropriations, grants, or gifts received by the  
27 department specifically for use under this part and  
28 any moneys allocated to the community economic  
29 betterment program account from the strategic  
30 investment fund.

31 2. Payments of interest, repayments of moneys  
32 loaned under the community economic betterment  
33 program, or recaptures shall be deposited into the  
34 strategic investment fund.

35 Sec. \_\_\_\_ . Section 28.111, subsection 3, unnumbered  
36 paragraph 1, Code 1991, is amended to read as follows:

37 The department of economic development may grant  
38 financial or technical assistance to a person eligible  
39 to receive assistance under this section, upon review  
40 and evaluation of the person's application by the  
41 agricultural products advisory council as established  
42 in section 15.203. ~~The council shall make~~  
43 ~~recommendations to approve or disapprove an~~  
44 ~~application to the department.~~ The department shall  
45 consider the recommendations council's evaluation in  
46 granting or denying assistance. The department shall  
47 not approve an application for assistance under this  
48 section to refinance an existing loan, or to finance  
49 traditional agricultural operations. An application  
50 is eligible for consideration if the application seeks

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1 assistance for any of the following purposes:

2 Sec. \_\_\_\_ . Section 28.112, Code Supplement 1991, is  
3 amended to read as follows:

4 28.112 VALUE-ADDED AGRICULTURAL PRODUCTS AND  
5 PROCESSES FINANCIAL ASSISTANCE FUND ACCOUNT.

6 1. ~~The department may establish a~~ A value-added  
7 agricultural products and processes financial  
8 assistance fund account is established within the  
9 strategic investment fund created in section 15.313.

10 ~~The fund account shall be a revolving fund composed~~  
11 consist of any money appropriated by the general  
12 assembly for that purpose, moneys allocated to the  
13 account from the strategic investment fund, and any  
14 other moneys available to and obtained or accepted by  
15 the department from the federal government or private  
16 sources for placement in the fund account. Except as  
17 otherwise provided in subsection 2, the assets of the  
18 fund account shall be used by the department only for  
19 carrying out the purposes of section 28.111.

20 2. The department may use moneys in the fund  
21 account to do any of the following:

22 a. Contract, sue and be sued, and adopt  
23 administrative rules necessary to carry out the  
24 provisions of this section and section 28.111, but the  
25 department shall not in any manner directly or  
26 indirectly pledge the credit of the state.

27 b. Authorize payment from the fund account for  
28 costs, commissions, attorney fees, and other  
29 reasonable expenses related to and necessary for  
30 insuring or guaranteeing loans under section 28.111,  
31 and for the recovery of loan moneys insured or  
32 guaranteed or the management of property acquired in  
33 connection with such loans.

34 3. ~~Section 8.33 shall not apply to moneys in the~~  
35 fund. Payments of interest or repayments of moneys  
36 loaned under the value-added agricultural products and  
37 processes financial assistance program shall be  
38 deposited into the strategic investment fund.

39 Sec. \_\_\_\_ . Section 28.148, Code 1991, is amended to  
40 read as follows:

41 28.148 STATE ASSISTANCE FUND.

42 There is created in the treasurer of state's office  
43 a "business development finance corporation assistance  
44 fund". The fund shall consist of all appropriations,  
45 grants, or gifts received by the treasurer  
46 specifically for assistance under this division and  
47 moneys allocated from the strategic investment fund  
48 created in section 15.313. Moneys in this fund are  
49 appropriated to the corporation for the purposes  
50 stated in this division. Moneys allocated to this

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1 fund for purposes of the capital access program and  
2 repayments of moneys from the capital access program  
3 which remain unobligated at the end of a fiscal year  
4 may be returned to the strategic investment fund upon  
5 approval of the board of directors of the business  
6 development finance corporation.  
7 Sec. \_\_\_\_ . Section 99E.31, subsection 2, Code 1991,  
8 is amended by striking the subsection.  
9 Sec. \_\_\_\_ . Section 99E.32, subsection 2, Code  
10 Supplement 1991, is amended by striking the  
11 subsection.  
12 Sec. \_\_\_\_ . Sections 15.301 through 15.305 and  
13 15.307, Code 1991, are repealed.  
14 Sec. \_\_\_\_ . Notwithstanding the provision in section  
15 15.313 granting the director of the department of  
16 economic development discretion in the allocation of  
17 the moneys to the various accounts in the strategic  
18 investment fund, for the fiscal year beginning July 1,  
19 1992, a minimum of \$500,000 shall be allocated to the  
20 targeted small business financial assistance program  
21 account and a minimum of \$220,000 shall be allocated  
22 to the self-employment loan program account."  
23 2. Title page, line 4, by inserting after the  
24 word "technology" the following: "and creating the  
25 strategic investment fund".  
26 3. By renumbering as necessary.

By BENNETT OF Ida

H-5512 FILED MARCH 24, 1992

*4/12 4/6 (g 1112)*

HOUSE FILE 2462

H-5508

1 Amend House File 2462 as follows:  
2 1. Page 7, by inserting after line 33 the follow-  
3 ing:  
4 "8. PARTNER STATE PROGRAM. For the partner state  
5 program, provided that the department may contract  
6 with private groups or organizations which are most  
7 appropriate to administer this program, and the groups  
8 and organizations participating in the program shall,  
9 to the fullest extent possible, provide funds to match  
10 the appropriation made in this subsection:  
11 ..... \$ 96,750".  
12 2. Page 10, by striking lines 5 through 10 and in-  
13 serting the following: "and".  
14 3. Page 10, line 12, by striking the figure "800,000"  
15 and inserting the following: "703,250".

By METCALF of Polk

H-5508 FILED MARCH 24, 1992

*4/6 (g 1108)*

HOUSE FILE 2462

H-5452

1 Amend House File 2462 as follows:  
2 1. Page 6, by striking lines 1 through 9.  
By SIEGRIST of Pottawattamie HESTER of Pottawattamie  
PAVICH of Pottawattamie HARBOR of Mills

H-5452 FILED MARCH 23, 1992

*Adopted 4/6/92 (g 1101)*

HOUSE FILE 2462

H-5498

- 1 Amend House File 2462 as follows:  
2 1. Page 9, line 22, by inserting after the word  
3 "purposes," the following: "for approving and  
4 submitting to the governor and general assembly not  
5 later than January 15 an annual report relating to  
6 performance goals of and efforts by the foundation to  
7 improve the modernization of industrial facilities".  
8 2. Page 9, line 24, by striking the word "and".  
9 3. Page 9, line 26, by inserting after the word  
10 "projects" the following: ", and for providing a  
11 match of one million dollars for the national  
12 institutes for standards and technology federal grant  
13 opportunity if the grant is awarded to and received by  
14 the foundation".

By NEUHAUSER of Johnson

H-5498 FILED MARCH 24, 1992

*A-Adopted, B-Last 4/6 (p 1104)*

HOUSE FILE 2462

H-5501

- 1 Amend House File 2462 as follows:  
2 1. Page 10, by inserting after line 13 the  
3 following:  
4 "INTERNET shall use moneys appropriated in this  
5 section, unless otherwise specified, for projects  
6 specifically related to the conduct of long-term  
7 research quantifying product and geographical  
8 opportunities for Iowa producers in the global  
9 marketplace as set forth in section 18B.3. INTERNET  
10 shall not use moneys for projects or programs which  
11 duplicate projects or programs funded by the state or  
12 the United States department of commerce."

By HARBOR of Mills

MILLER of Cherokee

JOHNSON of Clinton

HANSON of Black Hawk

H-5501 FILED MARCH 24, 1992

*Adopted as amended by 5676 4/6 (p 1111)*

HOUSE FILE 2462

H-5502

- 1 Amend House File 2462 as follows:  
2 1. By striking page 9, line 29, through page 10,  
3 line 13.  
4 2. By renumbering as necessary.

By HARBOR of Mills

MILLER of Cherokee

JOHNSON of Clinton

H-5502 FILED MARCH 24, 1992

*H/S 4/6 (p 1110)*

HOUSE FILE 2462

H-5497

- 1 Amend House File 2462 as follows:  
2 1. Page 4, line 23, by striking the words "for  
3 two trade offices".  
4 2. Page 4, line 24, by striking the figure  
5 "500,000" and inserting the following: "744,075".  
6 3. Page 4, line 25, by striking the figure "3.50"  
7 and inserting the following: "5.50".

By HARBOR of Mills

H-5497 FILED MARCH 24, 1992

*Last 4/6 (p 1103)*

HOUSE FILE 2462

H-5514

- 1 Amend House File 2462 as follows:
- 2 1. By striking page 9, line 29, through page 10,
- 3 line 13.
- 4 2. By renumbering as necessary.

By DICKINSON of Jackson

H-5514 FILED MARCH 25, 1992

*w/d 4/6 (p. 1110)*

HOUSE FILE 2462

H-5515

- 1 Amend House File 2462 as follows:
- 2 1. Page 2, line 11, by striking the words
- 3 "program and" and inserting the following:
- 4 "program:".
- 5 2. Page 2, by striking lines 12 through 14.
- 6 3. Page 2, line 15, by striking the figure
- 7 "323,000" and inserting the following: "273,000".

By DICKINSON of Jackson

H-5515 FILED MARCH 25, 1992

*w/d 4/3 (p. 1075)*

HOUSE FILE 2462

H-5521

- 1 Amend House File 2462 as follows:
- 2 1. Page 10, lines 10 and 11, by striking the
- 3 words and figure "section, and \$50,000 shall be
- 4 allocated for the peace institute" and inserting the
- 5 following: "section".
- 6 2. Page 10, line 12, by striking the figure
- 7 "800,000" and inserting the following: "750,000".

By MERTZ of Kossuth  
KREBSBACH of Mitchell

H-5521 FILED MARCH 25, 1992

*Adopted 4/6 (p. 1110)*

## HOUSE FILE 2462

H-5683

1 Amend House File 2462 as follows:

2 i. Page 10, by inserting after line 31 the  
3 following:

4 "Sec. \_\_\_\_ . Section 73.18, Code Supplement 1991, is  
5 amended to read as follows:

6 73.18 NOTICE OF SOLICITATION FOR BIDS --

7 IDENTIFICATION OF TARGETED SMALL BUSINESSES.

8 The director of each agency or department, the  
9 administrator of each area education agency, the  
10 president of each community college, and the  
11 superintendent of each school district releasing a  
12 solicitation for bids or request for proposal under  
13 the targeted small business procurement goal program  
14 shall ~~notify the director of the department of~~  
15 ~~economic development~~ consult a directory of certified  
16 ~~targeted small businesses produced by the department~~  
17 ~~of economic development that lists all certified~~  
18 ~~targeted small businesses by category of goods or~~  
19 ~~services provided prior to or upon release of the~~  
20 ~~solicitation and shall send a copy of the request for~~  
21 ~~proposal or solicitation to any appropriate targeted~~  
22 ~~small business listed in the directory. The Iowa~~  
23 ~~department of economic development may charge the~~  
24 ~~department, agency, area education agency, community~~  
25 ~~college, or school district a reasonable fee to cover~~  
26 ~~the cost of producing, distributing, and updating the~~  
27 ~~directory. A community college, area education~~  
28 ~~agency, or school district shall notify the department~~  
29 ~~of education which shall notify the department of~~  
30 ~~economic development prior to or upon release of the~~  
31 ~~solicitation. The director of the department of~~  
32 ~~economic development shall notify the soliciting~~  
33 ~~agency or department, or community college, area~~  
34 ~~education agency, or school district, of any targeted~~  
35 ~~small businesses which have been certified pursuant to~~  
36 ~~section 10A.1047 subsection 8 and which may be~~  
37 ~~qualified to bid."~~

38 2. By renumbering as necessary.

By ADAMS of Hamilton

BRAMMER of Linn

WISE of Lee

METCALF of Polk

H-5683 FILED APRIL 2, 1992

*Adopted 4/6 (p. 1113)*



## HOUSE FILE 2462

H-5679

1 Amend House File 2462 as follows:

2 1. Page 2, lines 28 and 29, by striking the words  
3 "established in House File 2357, if enacted,".

4 2. Page 3, lines 7 and 8, by striking the words  
5 "established by House File 2357, if enacted".

6 3. Page 10, by inserting after line 31 the fol-  
7 lowing:

8 "Sec. \_\_\_\_ . Section 15.241, unnumbered paragraphs 1  
9 and 2, Code 1991, are amended to read as follows:

10 ~~The department shall establish, contingent upon the~~  
11 ~~availability of funds authorized for the program, a A~~  
12 "self-employment loan program, account" is established  
13 within the strategic investment fund created in  
14 section 15.313 to provide funding for the self-  
15 employment loan program which is to be conducted in  
16 coordination with the job training partnership program  
17 and other programs administered under section 15.108,  
18 subsection 6, paragraph "c". The department may  
19 contract with local community action agencies or other  
20 local entities in administering the program, and shall  
21 work with the department of employment services and  
22 the department of human services in developing the  
23 program.

24 The self-employment loan program shall administer a  
25 low-interest loan program to provide loans to low-  
26 income persons for the purpose of establishing or  
27 expanding small business ventures. The terms of the  
28 loans shall be determined by the department, but shall  
29 not be in excess of five ten thousand dollars to any  
30 single applicant or at a rate to exceed five percent  
31 simple interest per annum. ~~A self-employment loan~~  
32 ~~program revolving loan fund shall be established~~  
33 ~~within the department.~~ The department shall maintain  
34 records of all loans approved and the effectiveness of  
35 those loans in establishing or expanding small  
36 business ventures.

37 Sec. \_\_\_\_ . Section 15.241, Code 1991, is amended by  
38 adding the following new unnumbered paragraph:

39 NEW UNNUMBERED PARAGRAPH. Payments of interest,  
40 recaptures of awards, and repayments of moneys loaned  
41 under this program shall be deposited into the  
42 strategic investment fund.

43 Sec. \_\_\_\_ . Section 15.247, subsections 2 and 3,  
44 Code 1991, are amended to read as follows:

45 2. ~~The department shall establish, contingent upon~~  
46 ~~the availability of funds authorized for the program,~~  
47 a A "targeted small business financial assistance  
48 program account" is established within the strategic  
49 investment fund created in section 15.313, to provide  
50 for loans, loan guarantees, revolving loans, loans

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1 secured by accounts receivable, or grants to targeted  
2 small businesses. A targeted small business in any  
3 year shall receive under this program not more than  
4 twenty-five thousand dollars in a loan or grant, and  
5 not more than forty thousand dollars in a guarantee,  
6 or a combination of loans, grants, or guarantees. The  
7 program shall provide guarantees not to exceed  
8 seventy-five percent for loans made by qualified  
9 lenders. The department shall establish a financial  
10 assistance reserve account from funds ~~provided for~~  
11 ~~this allocated to the program account~~, from which any  
12 default on a guaranteed loan under this section shall  
13 be paid. In administering the program the department  
14 shall not guarantee loan values in excess of the  
15 amount credited to the reserve account and only moneys  
16 set aside in the loan reserve account may be used for  
17 the payment of a default.

18 3. All moneys designated for the targeted small  
19 business financial assistance program shall be  
20 credited to the ~~financial-assistance-reserve program~~  
21 ~~account. The department shall also establish an~~  
22 ~~administrative-account-from-which-the-operating-costs~~  
23 ~~of-the-program-shall-be-paid.--The department may~~  
24 ~~transfer-moneys-between-the-reserve-and-the~~  
25 ~~administrative-accounts-except-that-not-more-than~~  
26 ~~twenty-five-percent-of-the-moneys-shall-be-used-to~~  
27 ~~administer-the-fund.~~ The department shall determine  
28 the actuarially sound reserve requirement for the  
29 amount of guaranteed loans outstanding.

30 Sec. \_\_\_\_\_. Section 15.247, Code 1991, is amended by  
31 adding the following new subsection:

32 NEW SUBSECTION. 6. Payments of interest,  
33 recaptures of awards, and repayments of moneys loaned  
34 under this program shall be deposited into the  
35 strategic investment fund.

36 Sec. \_\_\_\_\_. NEW SECTION. 15.311 STRATEGIC  
37 INVESTMENT FUND.

38 This part shall be known as the "Iowa Strategic  
39 Investment Fund" program.

40 Sec. \_\_\_\_\_. NEW SECTION. 15.312 PURPOSE.

41 The purpose of this part shall be to provide a  
42 mechanism for funding those programs listed in section  
43 15.313, subsection 2, in order to more efficiently  
44 meet the needs identified within those individual  
45 programs.

46 Sec. \_\_\_\_\_. NEW SECTION. 15.313 STRATEGIC  
47 INVESTMENT FUND.

48 1. An Iowa strategic investment fund is created as  
49 a revolving fund consisting of any money appropriated  
50 by the general assembly for that purpose and any other

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1 moneys available to and obtained or accepted by the  
2 department from the federal government or private  
3 sources for placement in the fund. The fund shall  
4 also include all of the following:

5 a. All unencumbered and unobligated funds from the  
6 special community economic betterment program fund  
7 created under 1990 Iowa Acts, chapter 1262, section 1,  
8 subsection 18, remaining on June 30, 1992, all  
9 repayments of loans or other awards made under the  
10 community economic betterment account or under the  
11 community economic betterment program during any  
12 fiscal year beginning on or after July 1, 1985, and  
13 recaptures of awards.

14 b. All unencumbered and unobligated funds from the  
15 self-employment loan program, the targeted small  
16 business financial assistance program, the  
17 microenterprise development revolving fund, financing  
18 rural economic development or successor loan program,  
19 and the value-added agricultural products and  
20 processes financial assistance fund remaining on June  
21 30, 1992, and all repayments of loans or other awards  
22 or recaptures of awards made under these programs  
23 during any fiscal year beginning on or after July 1,  
24 1992.

25 Notwithstanding section 8.33, moneys in the  
26 strategic investment fund at the end of each fiscal  
27 year shall not revert to any other fund but shall  
28 remain in the strategic investment fund for  
29 expenditure for subsequent fiscal years.

30 2. The assets of the fund shall be used by the  
31 department for the following programs and purposes:

32 a. The community economic betterment program  
33 created in sections 15.315 through 15.320.

34 b. The value-added agricultural products and  
35 processes financial assistance program created in  
36 sections 28.111 and 28.112.

37 c. The business development finance corporation  
38 created in sections 28.131 through 28.149.

39 d. The self-employment loan program created in  
40 section 15.241.

41 e. The targeted small business financial  
42 assistance program created in section 15.247.

43 f. To provide comprehensive management assistance  
44 for applicants or recipients of assistance from  
45 programs supported by the fund.

46 g. If funds are available under a federal  
47 microloan demonstration program, a portion of the  
48 moneys in the strategic investment fund may be  
49 utilized to access those federal funds to expand the  
50 state's small business financial assistance programs

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1 including the self-employment loan program and the  
2 targeted small business financial assistance program.  
3 3. The director shall submit annually at a regular  
4 or special meeting preceding the beginning of the  
5 fiscal year, for approval by the economic development  
6 board, the proposed allocation of funds from the  
7 strategic investment fund to be made for that fiscal  
8 year to the community economic betterment program, the  
9 value-added agricultural products and processes  
10 financial assistance program, the business development  
11 finance corporation, the self-employment loan program,  
12 and the targeted small business financial assistance  
13 program and for comprehensive management assistance.  
14 If funds are available under a federal microloan  
15 demonstration program, the director may recommend an  
16 allocation for that purpose. The plans may provide  
17 for increased or decreased allocations if the demand  
18 in a program indicates that the need exceeds the  
19 allocation for that program. The director shall  
20 report on a monthly basis to the board on the status  
21 of the funds and may present proposed revisions for  
22 approval by the board in January and April of each  
23 year. Unobligated and unencumbered moneys remaining  
24 in the strategic investment fund or any of its  
25 accounts on June 30 of each year shall be considered  
26 part of the fund for purposes of the next year's  
27 allocation.

28 Sec. \_\_\_\_ . NEW SECTION. 15.315 COMMUNITY ECONOMIC  
29 BETTERMENT PROGRAM.

30 This part shall be known as the "Community Economic  
31 Betterment Program."

32 Sec. \_\_\_\_ . NEW SECTION. 15.316 PURPOSE.

33 The purpose of this program is to assist  
34 communities and rural areas of the state with their  
35 economic development efforts and to increase  
36 employment opportunities for Iowans by increasing the  
37 level of economic activity and development within the  
38 state.

39 Sec. \_\_\_\_ . NEW SECTION. 15.317 PROGRAM.

40 1. The department shall establish a program to  
41 effectuate the purposes of this part by providing  
42 financial assistance for small business gap financing,  
43 new business opportunities, and new product and  
44 entrepreneurial development. These purposes may be  
45 accomplished by providing the following types of  
46 assistance:

47 a. A principal buy-down program to reduce the  
48 principal of a business loan.

49 b. An interest buy-down program to reduce the  
50 interest of a business loan.

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1 c. Loans or forgivable loans to aid in economic  
2 development.

3 d. Loan guarantees for business loans made by  
4 commercial lenders.

5 e. Equity-like investments.

6 2. Only a political subdivision of this state may  
7 apply to receive funds for any of the purposes  
8 specified in subsection 1. The political subdivision  
9 shall make application to the department specifying  
10 the purpose for which the funds will be used.

11 3. The department shall not provide more than one  
12 million dollars for any project, unless approved by at  
13 least two-thirds of the members of the economic  
14 development board.

15 Sec. \_\_\_\_ . NEW SECTION. 15.318 RATING FACTORS AND  
16 CRITERIA.

17 In ranking applications for funds, the department  
18 shall consider a variety of factors including, but not  
19 limited to, the following:

20 1. The proportion of local match to be provided.

21 2. The proportion of private contributions to be  
22 provided, including the involvement of financial  
23 institutions.

24 3. The total number of jobs to be created or  
25 retained.

26 4. The size of the business receiving assistance.  
27 The department shall award more points to small  
28 businesses as defined by the United States small  
29 business administration than to other businesses.

30 5. The potential for future growth in the industry  
31 represented by the business being considered for  
32 assistance.

33 6. The need of the business for financial  
34 assistance from governmental sources. The department  
35 shall award more points to a business for which the  
36 department determines that governmental assistance is  
37 most necessary to the success of a project, than to  
38 other businesses.

39 7. The quality of the jobs to be created. In  
40 rating the quality of the jobs the department shall  
41 award more points to those jobs that have a higher  
42 wage scale, have a lower turnover rate, are full-time  
43 or career-type positions, provide comprehensive health  
44 benefits, or have other related factors which could be  
45 considered to be higher in quality, than to other  
46 jobs. Businesses that have wage scales substantially  
47 below that of existing Iowa businesses in that area  
48 should be rated as providing the lowest quality of  
49 jobs and should therefore be given the lowest ranking  
50 for providing such assistance.

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1 8. The level of need of the political subdivision.  
2 9. The impact of the proposed project on the  
3 economy of the political subdivision.  
4 10. The impact of the proposed project on other  
5 businesses in competition with the business being  
6 considered for assistance. The department shall make  
7 a good faith effort to identify existing Iowa  
8 businesses within an industry in competition with the  
9 business being considered for assistance. The  
10 department shall make a good faith effort to determine  
11 the probability that the proposed financial assistance  
12 will displace employees of the existing businesses.  
13 In determining the impact on businesses in competition  
14 with the business being considered for assistance,  
15 jobs created as a result of other jobs being displaced  
16 elsewhere in the state shall not be considered direct  
17 jobs created.  
18 11. The impact to the state of the proposed  
19 project. In measuring the economic impact the  
20 department shall award more points for projects which  
21 have greater consistency with the state strategic plan  
22 than other projects. Greater consistency may include  
23 any or all of the following:  
24 a. A business with a greater percentage of sales  
25 out-of-state or of import substitution.  
26 b. A business with a higher proportion of in-state  
27 suppliers.  
28 c. A project which would provide greater  
29 diversification of the state economy.  
30 d. A business with fewer in-state competitors.  
31 e. A potential for future job growth.  
32 f. A project which is not a retail operation.  
33 12. If a business has a record of violations of  
34 the law over a period of time that tends to show a  
35 consistent pattern, the business shall be given the  
36 lowest ranking for providing assistance. The  
37 department shall make a good faith effort to compile  
38 this information.  
39 13. If a business has, within three years of  
40 application for assistance, acquired or merged with an  
41 Iowa corporation or company, whether the business has  
42 made a good faith effort to hire the workers of the  
43 acquired or merged company.  
44 14. Whether a business provides for a preference  
45 for hiring residents of the state or of the economic  
46 development area, except for out-of-state employees  
47 offered a transfer to Iowa or to the economic  
48 development area.  
49 15. Whether all known required environmental  
50 permits have been issued and regulations met before

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1 moneys are released.

2 Sec. \_\_\_\_ . NEW SECTION. 15.319 MONITORING OF JOB  
3 CREATION AND RETENTION.

4 1. The department shall develop definitions for  
5 the terms "job creation" and "job retention" to  
6 measure and identify the actual number of permanent,  
7 full-time positions which businesses actually create  
8 or retain and which can be documented by comparison of  
9 the payroll reports during the twenty-four-month  
10 period after awards to the businesses are made.

11 2. The department shall document the actual job  
12 creation and retention effects of all businesses  
13 receiving financial assistance from the program in the  
14 context of the employer contribution and payroll  
15 reports filed by the businesses.

16 3. The department shall require businesses which  
17 receive assistance from the program to submit  
18 historical copies of the employer contributions and  
19 payroll reports with the application for funds,  
20 require businesses to submit the reports after an  
21 award is made on a timely basis, and require  
22 businesses to estimate the expected job creation and  
23 retention effects for the twelve-month and twenty-  
24 four-month periods after an award is made in terms of  
25 the number of employees and total wages as documented  
26 in the payroll reports.

27 Sec. \_\_\_\_ . NEW SECTION. 15.320 COMMUNITY ECONOMIC  
28 BETTERMENT PROGRAM ACCOUNT.

29 1. A community economic betterment program account  
30 is established within the strategic investment fund to  
31 be used by the department for the community economic  
32 betterment program. The account shall consist of all  
33 appropriations, grants, or gifts received by the  
34 department specifically for use under this part and  
35 any moneys allocated to the community economic  
36 betterment program account from the strategic  
37 investment fund.

38 2. Payments of interest, repayments of moneys  
39 loaned under the community economic betterment  
40 program, or recaptures of awards shall be deposited  
41 into the strategic investment fund.

42 Sec. \_\_\_\_ . Section 28.111, subsection 3, unnumbered  
43 paragraph 1, Code 1991, is amended to read as follows:

44 The department of economic development may grant  
45 financial or technical assistance to a person eligible  
46 to receive assistance under this section, upon review  
47 and evaluation of the person's application by the  
48 agricultural products advisory council as established  
49 in section 15.203. ~~The council shall make~~  
50 ~~recommendations to approve or disapprove an~~

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Page 8

~~1 application-to-the-department.~~ The department shall  
2 consider the ~~recommendations~~ council's evaluation in  
3 granting or denying assistance. The department shall  
4 not approve an application for assistance under this  
5 section to refinance an existing loan, or to finance  
6 traditional agricultural operations. An application  
7 is eligible for consideration if the application seeks  
8 assistance for any of the following purposes:

9 Sec. \_\_\_\_ . Section 28.112, Code Supplement 1991, is  
10 amended to read as follows:

11 28.112 VALUE-ADDED AGRICULTURAL PRODUCTS AND  
12 PROCESSES FINANCIAL ASSISTANCE FUND ACCOUNT.

13 1. ~~The-department-may-establish-a~~ A value-added  
14 agricultural products and processes financial  
15 assistance fund account is established within the  
16 strategic investment fund created in section 15.313.  
17 The fund account shall be-a-revolving-fund-composed  
18 consist of any money appropriated by the general  
19 assembly for that purpose, moneys allocated to the  
20 account from the strategic investment fund, and any  
21 other moneys available to and obtained or accepted by  
22 the department from the federal government or private  
23 sources for placement in the fund account. Except as  
24 otherwise provided in subsection 2, the assets of the  
25 fund account shall be used by the department only for  
26 carrying out the purposes of section 28.111.

27 2. The department may use moneys in the fund  
28 account to do any of the following:

29 a. Contract, sue and be sued, and adopt  
30 administrative rules necessary to carry out the  
31 provisions of this section and section 28.111, but the  
32 department shall not in any manner directly or  
33 indirectly pledge the credit of the state.

34 b. Authorize payment from the fund account for  
35 costs, commissions, attorney fees, and other  
36 reasonable expenses related to and necessary for  
37 insuring or guaranteeing loans under section 28.111,  
38 and for the recovery of loan moneys insured or  
39 guaranteed or the management of property acquired in  
40 connection with such loans.

41 3. ~~Section-8-33-shall-not-apply-to-moneys-in-the~~  
42 fund: Payments of interest, recaptures of awards, or  
43 repayments of moneys loaned under the value-added  
44 agricultural products and processes financial  
45 assistance program shall be deposited into the  
46 strategic investment fund.

47 Sec. \_\_\_\_ . Section 28.148, Code 1991, is amended to  
48 read as follows:

49 28.148 STATE ASSISTANCE FUND.

50 There is created in the treasurer of state's office

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1 a "business development finance corporation assistance  
 2 fund". The fund shall consist of all appropriations,  
 3 grants, or gifts received by the treasurer  
 4 specifically for assistance under this division and  
 5 moneys allocated from the strategic investment fund  
 6 created in section 15.313. Moneys in this fund are  
 7 appropriated to the corporation for the purposes  
 8 stated in this division. Moneys allocated to this  
 9 fund for purposes of the capital access program and  
 10 repayments of moneys or recaptures of awards from the  
 11 capital access program which remain unobligated at the  
 12 end of a fiscal year may be returned to the strategic  
 13 investment fund upon approval of the board of  
 14 directors of the business development finance  
 15 corporation.

16 Sec. \_\_\_\_\_. Section 99E.31, subsection 2, Code 1991,  
 17 is amended by striking the subsection.

18 Sec. \_\_\_\_\_. Section 99E.32, subsection 2, Code  
 19 Supplement 1991, is amended by striking the  
 20 subsection.

21 Sec. \_\_\_\_\_. Sections 15.301 through 15.305 and  
 22 15.307, Code 1991, are repealed.

23 Sec. \_\_\_\_\_. Notwithstanding the provision in section  
 24 15.313 granting the director of the department of  
 25 economic development discretion in the allocation of  
 26 the moneys to the various accounts in the strategic  
 27 investment fund, for the fiscal year beginning July 1,  
 28 1992, a minimum of \$500,000 shall be allocated to the  
 29 targeted small business financial assistance program  
 30 account and a minimum of \$220,000 shall be allocated  
 31 to the self-employment loan program account."

32 4. Title page, line 4, by inserting after the  
 33 word "technology" the following: "and creating the  
 34 strategic investment fund".

35 5. By renumbering as necessary.

By WISE of Lee  
 BENNETT of Ida

H-5679 FILED APRIL 2, 1992

*Adopted 4/3 (p. 1084)*

*lines 4-5 pg. 1, out of order (p. 1087)*

## HOUSE FILE 2462

H-5674

1 Amend House File 2462 as follows:

2 1. Page 1, by striking lines 14 through 18 and  
3 inserting the following:

4 "The department shall plan for and initiate a long-  
5 term process for the continuous improvement of the  
6 services provided to the citizens of Iowa using the  
7 principles of total quality management."

By BANKS of Plymouth

H-5674 FILED APRIL 2, 1992

*lost 4/3 (p. 1073)*

## HOUSE FILE 2462

H-5676

1 Amend the amendment, H-5501, to House File 2462 as  
2 follows:

3 1. Page 1, by striking lines 5 through 12 and  
4 inserting the following: "section, unless otherwise  
5 specified, for the purposes set out in chapter 18B."

By WISE of Lee

H-5676 FILED APRIL 2, 1992

*Adopted 4/6 (p. 1110)*

HOUSE FILE 2462

H-5686

1 Amerd House File 2462 as follows:

A 2 1. Page 1, line 12, by striking the figure  
3 "789,000" and inserting the following: "799,360".

B 4 2. Page 1, line 29, by striking the figure  
5 "125,000" and inserting the following: "184,036".

A 6 3. Page 2, line 3, by striking the figure  
7 "2,530,555" and inserting the following: "2,880,634".

8 4. Page 2, line 4, by striking the figure "14.00"  
9 and inserting the following: "15.00".

10 5. Page 2, lines 28 and 29 by striking the words  
11 "established in House File 2357, if enacted,".

12 6. Page 2, line 31, by striking the figure  
13 "5,795,733" and inserting the following: "4,300,000".

14 7. Page 3, by inserting after line 1 the  
15 following:

16 "\_\_\_\_. Community economic betterment program fund  
17 If the strategic investment fund is not established  
18 by the general assembly, for deposit in the community  
19 economic betterment program fund for salaries,  
20 support, and for not more than the following full-time  
21 equivalent positions:

22 ..... \$ 3,580,000  
23 ..... FTEs 6.50

24 Notwithstanding section 8.33, moneys in this  
25 special fund at the end of each fiscal year shall not  
26 revert to the general fund but shall remain in the  
27 community economic betterment program fund.

28 "\_\_\_\_. Microenterprise development revolving fund  
29 If the strategic investment fund is not established  
30 by the general assembly, for deposit in the  
31 microenterprise development revolving fund established  
32 pursuant to section 15.240 for salaries, support, for  
33 not more than the following full-time equivalent  
34 positions, of which \$500,000 shall be allocated to the  
35 targeted small business financial assistance program  
36 account and \$220,000 shall be allocated to the self-  
37 employment loan program account.

38 ..... \$ 720,000  
39 ..... FTEs 3.50".

D 40 8. Page 3, by striking lines 7 and 8, and  
41 inserting the following: "department for the business  
42 and industry service centers created by House File  
43 2434, if enacted."

E 44 9. Page 3, line 16, by striking the figure  
45 "500,000" and inserting the following: "522,763".

B 46 10. Page 3, line 22, by striking the figure  
47 "3.50" and inserting the following: "3.00".

E 48 11. Page 4, line 23, by striking the words "for  
49 two trade offices".

50 12. Page 4, line 24, by striking the figure

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- 1 "500,000" and inserting the following: "744,075".
- 2 13. Page 4, line 25, by striking the figure
- 3 "3.50" and inserting the following: "5.50".
- 4 14. Page 5, line 3, by striking the figure
- 5 "334,000" and inserting the following: "300,000".
- 6 15. Page 5, by inserting after line 7 the
- 7 following:
- 8 "e. International development foundation
- 9 For salaries, support, maintenance, miscellaneous
- 10 purposes, and for not more than the following full-
- 11 time equivalent positions:
- 12 ..... \$ 290,250
- 13 ..... FTES 2.00
- 14 f. Partner state program
- 15 For the partner state program, provided that the
- 16 department may contract with private groups or
- 17 organizations which are most appropriate to administer
- 18 this program, and the groups and organizations
- 19 participating in the program shall, to the fullest
- 20 extent possible, provide funds to match the
- 21 appropriation made in this subsection:
- 22 ..... \$ 96,750".
- 23 16. Page 5, line 22, by striking the figure
- 24 "2,250,000" and inserting the following: "2,500,000".
- 25 17. Page 7, line 15, by striking the figure
- 26 "195,745" and inserting the following: "136,300".
- 27 18. Page 8, lines 4 and 5, by striking the word
- 28 and figure "with \$456,000" and inserting the
- 29 following: ", \$20,000 to be transferred to the main
- 30 street program, and \$436,000".
- 31 19. Page 8, by striking lines 22 through 30.
- 32 20. Page 9, line 27, by striking the figure
- 33 "2,250,000" and inserting the following: "3,000,000".
- 34 21. Page 9, line 28, by striking the figure
- 35 "4.00" and inserting the following: "6.00".
- 36 22. By striking page 9, line 29, through page 10,
- 37 line 13.
- 38 23. Page 10, line 20, by striking the figure
- 39 "991,325" and inserting the following: "1,151,325".
- 40 24. Title page, line 3, by striking the word
- 41 "INTERNET,".
- 42 25. By renumbering as necessary.

By BENNETT of Ida  
 HARBOR of Mills  
 BRANSTAD of Winnebago

H-5686 FILED APRIL 2, 1992 A-w/d 4/3 (p. 1073)  
 B- 46-47 pp. 1, 27-30 pg 2 Adopted B- out of order (p. 1075) lines 4-5  
 C w/d 4/3 (p. 1102) lines 10-11, 12-13  
 D w/d 4/3 (p. 1095)

HOUSE FILE 2462

H-5687

- 1 Amend House File 2462 as follows:
- 2 1. Page 3, line 34, by striking the figure "2.50"
- 3 and inserting the following: "3.50".

By BENNETT of Ida

H-5687 FILED APRIL 2, 1992

*Ruled out of order (p. 1088) 4/3*

E- last (p. 1088) 4/3  
 F- last (p. 1104) 4/3  
 G- " (p. 1102)  
 H- " (p. 1107)  
 J- " (p. 1109)  
 K- " (p. 1111)

## HOUSE FILE 2462

H-5691

1 Amend House File 2462 as follows:

2 1. Page 3, by striking lines 5 through 8 and  
3 inserting the following: "\$200,000, or so much  
4 thereof as may be necessary, of the capital access  
5 program funds shall be transferred to the treasurer of  
6 state for the purpose of facilitating the organization  
7 and private capitalization of the small business  
8 investment company under sections 28.162 through  
9 28.164. If the small business investment company for  
10 which the funds are to be used is not organized within  
11 eighteen months of the effective date of this Act,  
12 unused funds shall revert to the general fund of the  
13 state and be available for other uses."

14 2. Page 10, by inserting after line 31 the  
15 following:

16 "Sec. \_\_\_\_ . NEW SECTION. 28.162 IOWA BUSINESS  
17 INVESTMENT CORPORATION -- PURPOSE.

18 1. The purpose of this section is to provide for  
19 the incorporation under chapter 504A of a nonprofit  
20 corporation to organize, capitalize, and fund an Iowa-  
21 based small business investment company which shall  
22 have the purpose of increasing the availability of  
23 funds for investment in and loans to Iowa small  
24 businesses on a regional basis. The small business  
25 investment company shall be incorporated under the  
26 Iowa law.

27 2. In addition to the powers granted under chapter  
28 504A, the corporation shall have the power to invest  
29 in the small business investment company and to serve  
30 as guarantor of the preferred stock of the small  
31 business investment company.

32 In exchange for the guaranty, the corporation shall  
33 receive warrants for a percentage of the preferred  
34 stock of the small business investment company. The  
35 guaranty shall expire ten years after the guaranty  
36 agreement is entered into. The corporation shall only  
37 be liable as guarantor in the event that capital  
38 replenishment becomes necessary due to federal small  
39 business administration requirements or in the event  
40 of a capital loss upon liquidation of the small  
41 business investment company.

42 Sec. \_\_\_\_ . NEW SECTION. 28.163 BOARD OF DIRECTORS  
43 OF CORPORATION.

44 1. The powers of the corporation are vested in and  
45 shall be exercised by the board of directors. The  
46 directors shall serve a term of three years. Each  
47 term shall begin and end as provided in section 69.19.  
48 No more than a simple majority of the members of the  
49 board shall belong to the same political party as  
50 provided in section 69.16.

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1 2. The board shall consist of three members  
2 appointed as follows:  
3 a. One member appointed by the governor or the  
4 governor's designee.  
5 b. One member shall be the treasurer of state or  
6 the treasurer's designee.  
7 c. One member shall be a private citizen appointed  
8 by the legislative council. This member shall be well  
9 qualified and shall have at least five years of  
10 experience in a responsible position in a business  
11 involved in investing in business concerns.

12 3. The board shall annually elect one member as  
13 chairperson and one member as secretary. The board  
14 may elect other officers of the corporation as  
15 necessary.

16 4. Each director of the corporation shall take an  
17 oath of office which shall be filed in the office of  
18 the secretary of state.

19 Sec. 28.164. NEW SECTION. 28.164 SMALL BUSINESS  
20 INVESTMENT COMPANY.

21 1. The small business investment company organized  
22 pursuant to section 28.162 and this section may make  
23 investments in the common and preferred stock of and  
24 may make loans to or purchase the debt obligations of  
25 Iowa small businesses which are unable to raise equity  
26 capital or obtain financing from conventional sources.  
27 The criteria for investment in or loans to Iowa small  
28 businesses by the small business investment company  
29 shall include geographic distribution, economic  
30 diversity, potential for job creation and retention,  
31 and potential for long-term success.

32 2. The small business investment company shall  
33 comply with the small business investment company  
34 licensing requirements of the federal small business  
35 administration.

36 3. The capital of the small business investment  
37 company shall consist of shares sold on a regional  
38 basis to banks, insurance companies, finance  
39 companies, savings institutions, other corporations,  
40 limited liability companies, partnerships, and  
41 individuals. For the purposes of section 28.162 the  
42 shares acquired by each investor shall be divided  
43 equally between common and preferred shares.

44 4. Applications to the small business investment  
45 company for investments and loans shall originate  
46 within the regions set out in section 28H.1. For the  
47 purposes of this section, Boone, Dallas, Jasper,  
48 Marion, Polk, Story, and Warren counties shall  
49 constitute a region.

50 5. The operations of the small business investment

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Page 3

1 company shall be conducted by a private manager  
2 contracted for by the board of directors of the  
3 company on the basis of the manager's expertise and  
4 record in the making or procuring of investments in  
5 and loans to small businesses. The small business  
6 investment company shall be operated in accordance  
7 with federal small business association regulations.

8 6. The board of directors of the small business  
9 investment company shall consist of not less than  
10 seventeen nor more than twenty-one persons who shall  
11 be elected by the private shareholders from each of  
12 the seventeen regions set out in subsection 5.

13 7. To qualify for the guaranty under section  
14 28.162, the small business investment company shall  
15 satisfy the conditions set out in this section and  
16 those of the federal small business administration,  
17 provided that federal small business administration  
18 requirements shall take precedence over the  
19 requirements of this section."

20 3. By renumbering as necessary.

By WISE of Lee

DVORSKY of Johnson

BRAND of Benton

BURKE of Marshall

SHEARER of Louisa

ADAMS of Hamilton

NIELSEN of Linn

JESSE of Jasper

DICKINSON of Jackson

H-5691 FILED APRIL 2, 1992

*Adopted as amended (H-5705) 4/3 (p. 1087)*

HOUSE FILE 2462

H-5694

1 Amend House File 2462 as follows:

A 2 1. Page 1, line 29, by striking the figure  
3 "125,000" and inserting the following: "182,000".

B 4 2. Page 2, line 3, by striking the figure  
5 "2,530,555" and inserting the following: "2,705,555".

C 6 3. Page 2, line 31, by striking the figure  
7 "5,795,733" and inserting the following: "3,800,733".

8 4. Page 3, line 21, by striking the figure  
A 9 "353,386" and inserting the following: "373,386".

10 5. Page 3, line 34, by striking the figure "2.50"  
11 and inserting the following: "3.50".

12 6. Page 4, by inserting after line 11 the follow-  
13 ing:

14 "e. Councils of governments  
15 To provide to Iowa's councils of governments funds  
16 for planning and technical assistance funds to assist  
G 17 local governments to develop community development  
18 strategies for addressing long-term and short-term  
19 community needs:  
20 ..... \$ 300,000".

D 21 7. Page 4, line 24, by striking the figure  
22 "500,000" and inserting the following: "518,000".

E 23 8. Page 9, line 27, by striking the figure  
24 "2,250,000" and inserting the following: "2,850,000".

25 9. Page 10, by striking lines 22 and 23 and  
26 inserting the following: "technology provided that  
27 \$825,000 shall be allocated to the institute for  
28 physical research and technology industrial incentive  
29 program in accordance with the legislative intent of  
30 this section:

31 ..... \$ 3,825,000

32 It is the intent of the general assembly that the  
33 incentive program focus on Iowa industrial sectors and  
34 seek contributions and in-kind donations from  
35 businesses, industrial foundations, and trade  
F 36 associations and that moneys for the institute for  
37 physical research and technology industrial incentive  
38 program shall only be allocated for projects which are  
39 matched by private sector moneys for directed contract  
40 research or for nondirected research. The match  
41 required of small businesses as defined in section  
42 15.102, subsection 4, for directed contract research  
43 or for nondirected research shall be \$1 for each \$3 of  
44 state funds. The match required for other businesses  
45 for directed contract research or for nondirected  
46 research shall be \$1 for each \$1 of state funds. The  
47 match required of industrial foundations or trade  
48 associations shall be \$1 for each \$1 of state funds.

49 Iowa state university shall report annually to the  
50 joint economic development subcommittee of the general



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1 assembly the total amounts of private contributions,  
 2 the proportion of contributions from small businesses  
 3 and other businesses, and the proportion for directed  
 4 contract research and nondirected research of benefit  
 5 to Iowa businesses and industrial sectors.  
 6 Notwithstanding section 8.33, moneys appropriated  
 7 for any fiscal year which remain unobligated and  
 8 unexpended at the end of the fiscal year shall not  
 9 revert out shall be available for expenditure the  
 10 following fiscal year and the appropriation for the  
 11 incentive program for the following year shall be  
 12 reduced by an equal amount."

13 10. By renumbering as necessary.

By WISE of Lee

H-5694 FILED APRIL 2, 1992

A-Adopted 4/3 (p.1075)  
 B- " " (p.1084)  
 C- " " (p.1084)  
 D- Adopted 4/6 (p.1105)

E-Adopted 4/6 (p.1109)  
 F- " " (p.1112)  
 G-Adopted (p.1089)

HOUSE FILE 2462

H-5703

1 Amend the amendment, H-5686, to House File 2462 as  
 2 follows:  
 3 1. Page 1, by striking lines 40 and 41 and  
 4 inserting the following:  
 5 " Page 3, by striking lines 3 through 8 and  
 6 inserting the following: "Notwithstanding section  
 7 28.148, \$581,000, or so much thereof as is available  
 8 and unobligated, of the funds on deposit in the  
 9 business development finance corporation assistance  
 10 fund for the capital access program shall be  
 11 transferred to the department for the business".  
 12 2. By renumbering as necessary.

By BENNETT of Ida

H-5703 FILED APRIL 3, 1992

LOST (p.1084)

HOUSE FILE 2462

H-5705

1 Amend the amendment, H-5691, to House File 2462, as  
 2 follows:  
 3 1. Page 1, line 13, by inserting after the word  
 4 "uses." the following: "The remainder of the  
 5 unobligated capital access program funds shall be  
 6 transferred to the strategic investment fund."

By WISE of Lee

H-5705 FILED APRIL 3, 1992

ADOPTED (p.1087)

HOUSE FILE 2462  
BY COMMITTEE ON APPROPRIATIONS

(As Amended and Passed by the House April 6, 1992)

Passed House, Date See Below Passed Senate, Date 4/12/92 (p. 1373)  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes 26 Nays 24  
Approved Steve Vetrone June 3, 1992

A BILL FOR

1 An Act appropriating funds to the department of economic  
2 development, the Iowa finance authority, the Wallace  
3 technology transfer foundation, INTERNET, state university of  
4 Iowa, and Iowa state university of science and technology and  
5 creating the strategic investment fund.

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

7  
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23

House Amendments \_\_\_\_\_

Deleted Language ✖

Conference Committee Appointed

Senators Biordan (Chair), Running, Kramer, Borlaug, Hutchins (p. 1410)  
Repr. Wise (Chair), Poney, Hanson, Harbor, Dvorsky (p. 1497)

Failed Per Conference Committee Report  
House Ayes 47 - Nays 49

Second Conference Committee Appointed

Senators Biordan (Chair), Running, Connelly, Kramer  
+ Borlaug.

Repr. Wise (Chair), Poney, Hanson, Black Hawk, Harbor +  
Dvorsky. (p. 2119)

Passed Per Second Conference Committee Report

Senate 27-20 (p. 1809)

House 56-37 (p. 2146)

ECONOMIC DEVELOPMENT APPROPRIATIONS

Section 1. There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATIVE SERVICES DIVISION

a. General administration

For salaries, support, maintenance, miscellaneous purposes, to implement total quality management, and for not more than the following full-time equivalent positions:

.....	\$	789,000
.....	FTEs	21.00

Total quality management is achieved through an incremental long-term process involving employee teams examining and improving work procedures, using data-based problem-solving tools to analyze work systems, and making improvements which enhance service to the citizens of Iowa.

b. Information management center

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	361,000
.....	FTEs	7.50

c. Film office

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	<u>182,000</u>
.....	FTEs	2.00

2. BUSINESS DEVELOPMENT DIVISION

a. Business development operations

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions, provided that not more than 30 percent of the funds

1 appropriated may be used for administration. The balance  
2 shall be used for marketing advertising:

3 .....	\$	<u>2,705,555</u>
4 .....	FTEs	14.00

5 b. Small business programs

6 For salaries, support, maintenance, miscellaneous purposes,  
7 and for not more than the following full-time equivalent  
8 positions for the small business program, the small business  
9 advisory council, targeted small business program, and  
10 business incubators, of which \$46,424 shall be allocated for  
11 the administration of the targeted small business program and  
12 \$50,000 shall be used to fund, with local matching funds, a  
13 targeted small business incubator in each county with a  
14 population greater than two hundred fifty thousand:

15 .....	\$	323,000
16 .....	FTEs	5.50

17 c. Federal procurement office

18 For salaries, support, maintenance, miscellaneous purposes,  
19 and for not more than the following full-time equivalent  
20 positions:

21 .....	\$	96,953
22 .....	FTEs	3.00

23 Notwithstanding section 8.33, moneys remaining unencumbered  
24 or unobligated on June 30, 1993, shall not revert and shall be  
25 available for expenditure during the fiscal year beginning  
26 July 1, 1993, for the same purposes.

27 d. Strategic investment fund

\* 28 For deposit in the strategic investment fund for salaries,  
29 support, and for not more than the following full-time  
30 equivalent positions:

31 .....	\$	<u>3,800,733</u>
32 .....	FTEs	10.00

33 Notwithstanding section 8.33, moneys in the strategic  
34 investment fund at the end of each fiscal year shall not  
35 revert to the general fund but shall remain in the strategic

1 investment fund.

2 e. Business development finance corporation

3 Notwithstanding section 28.148, of the funds on deposit in  
4 the business development finance corporation assistance fund,  
5 \$200,000, or so much thereof as may be necessary, of the  
6 capital access program funds shall be transferred to the  
7 treasurer of state for the purpose of facilitating the  
8 organization and private capitalization of the small business  
9 investment company under sections 28.162 through 28.164. If  
10 the small business investment company for which the funds are  
11 to be used is not organized within eighteen months of the  
12 effective date of this Act, unused funds shall revert to the  
13 general fund of the state and be available for other uses.

14 The remainder of the unobligated capital access program funds  
15 shall be transferred to the strategic investment fund.

16 3. COMMUNITY AND RURAL DEVELOPMENT DIVISION

17 a. Community assistance

18 For salaries, support, maintenance, miscellaneous purposes,  
19 and for not more than the following full-time equivalent  
20 positions for administration of the community economic  
21 preparedness program, the Iowa community betterment program,  
22 and the city development board:

23 .....	\$	500,000
24 .....	FTEs	7.50

25 b. Main street/rural main street program

26 For salaries and support for not more than the following  
27 full-time equivalent positions:

28 .....	\$	<u>373,386</u>
29 .....	FTEs	<u>3.00</u>

30 Notwithstanding section 8.33, moneys committed to grantees  
31 under contract that remain unexpended on June 30 of any fiscal  
32 year shall not revert to any fund but shall be available for  
33 expenditure for purposes of the contract during the succeeding  
34 fiscal year.

35 c. Rural development program

1 For salaries, support, maintenance, miscellaneous purposes,  
2 and for not more than the following full-time equivalent  
3 positions for rural resource coordination, rural community  
4 leadership, and the rural enterprise fund:

5 ..... \$ 600,000  
6 ..... FTEs 3.50

7 Notwithstanding section 8.33, moneys obligated or committed  
8 to grantees under contract that remain unexpended at the end  
9 of the fiscal year shall not revert but shall be available for  
10 expenditure for purposes of the contract during succeeding  
11 fiscal years.

12 d. Community development block grant and HOME  
13 For administration and related federal housing and urban  
14 development grant administration for salaries, support,  
15 maintenance, miscellaneous purposes, and for not more than the  
16 following full-time equivalent positions:

17 ..... \$ 375,397  
18 ..... FTEs 18.75

19 e. Councils of governments  
20 To provide to Iowa's councils of governments funds for  
21 planning and technical assistance funds to assist local  
22 governments to develop community development strategies for  
23 addressing long-term and short-term community needs:

24 ..... \$ 300,000

25 4. INTERNATIONAL DIVISION

26 a. International trade operations  
27 For conducting foreign trade missions on behalf of Iowa  
28 businesses, salaries, support, maintenance, miscellaneous  
29 purposes, and for not more than the following full-time  
30 equivalent positions:

31 ..... \$ 375,000  
32 ..... FTEs 6.00

33 b. Foreign trade offices  
34 For salaries, support, maintenance, miscellaneous purposes,  
35 and for not more than the following full-time equivalent

1 positions for two trade offices:

2 ..... \$ 518,000  
3 ..... FTEs 3.50

4 c. Export trade assistance program

5 For export trade activities, including a program to  
6 encourage and increase participation in trade shows and trade  
7 missions by providing financial assistance to businesses for a  
8 percentage of their costs of participating in trade shows and  
9 trade missions, by providing for the lease/sublease of  
10 showcase space in existing world trade centers, by providing  
11 temporary office space for foreign buyers, international  
12 prospects, and potential reverse investors, and by providing  
13 other promotional and assistance activities, including  
14 salaries and support for not more than the following full-time  
15 equivalent positions:

16 ..... \$ 334,000  
17 ..... FTEs .25

18 d. Agricultural product advisory council

19 For support, maintenance, and miscellaneous purposes:

20 ..... \$ 1,400

21 5. TOURISM DIVISION

22 a. Tourism operations

23 For salaries, support, maintenance, miscellaneous purposes,  
24 and for not more than the following full-time equivalent  
25 positions, provided that the appropriation shall not be used  
26 for advertising placements for in-state and out-of-state  
27 tourism marketing:

28 ..... \$ 650,000  
29 ..... FTEs 14.97

30 b. Tourism advertising

31 For contracting exclusively for tourism advertising for in-  
32 state and out-of-state tourism marketing services, tourism  
33 promotion programs, electronic media, print media, and printed  
34 materials:

35 ..... \$ 2,250,000

1 The department shall not use the moneys appropriated in  
2 this paragraph unless the department develops public-private  
3 partnerships with Iowa businesses in the tourism industry,  
4 Iowa tour groups, Iowa tourism organizations, and political  
5 subdivisions in this state to assist in the development of  
6 advertising efforts. The department shall, to the fullest  
7 extent possible, develop cooperative efforts for advertising  
8 with contributions from other sources.

9 c. Welcome center program

10 To implement the recommendations of the statewide long-  
11 range plan for developing and operating welcome centers  
12 throughout the state:

13 ..... \$ 208,625

\* 14 6. WORK FORCE DEVELOPMENT DIVISION

15 a. Youth work force programs

16 For purposes of the conservation corps, including salary,  
17 support, maintenance, miscellaneous purposes, and for not more  
18 than the following full-time equivalent positions:

19 ..... \$ 1,000,000

20 ..... FTEs 1.90

21 Notwithstanding section 8.33, moneys committed to grantees  
22 under contract that remain unexpended on June 30 of any fiscal  
23 year shall not revert to any fund but shall be available for  
24 expenditure for purposes of the contract during the succeeding  
25 fiscal year.

26 b. Job retraining program

27 To the Iowa employment retraining fund created in section  
28 15.298, including salaries and support for not more than the  
29 following full-time equivalent positions:

30 ..... \$ 932,831

31 ..... FTEs .60

32 c. Work force investment program

33 For purposes of the work force investment program, for  
34 projects that increase Iowa's pool of available labor via  
35 training and support services, including salaries and support



1 for not more than the following full-time equivalent positions  
2 and for the administration of the program on a competitive  
3 grant basis, with priority in the expenditure of job training  
4 partnership Act and workforce investment program funds given  
5 to projects which serve welfare recipients and displaced  
6 homemakers, by the department in consultation with the state  
7 job training coordinating council:

8 ..... \$ 500,000  
9 ..... FTEs .90

10 Notwithstanding section 8.33, moneys obligated or committed  
11 to grantees under contract that remain unexpended at the end  
12 of the fiscal year, shall not revert but shall be available  
13 for expenditure for purposes of the contract during succeeding  
14 fiscal years.

15 d. Labor management councils

16 For salaries, support, maintenance, miscellaneous purposes,  
17 and for not more than the following full-time equivalent  
18 positions:

19 ..... \$ 195,745  
20 ..... FTEs 1.00

21 The department shall not use moneys appropriated in this  
22 paragraph for grants to grantees who do not facilitate the  
23 active participation of labor as members of labor management  
24 councils or who fail to make a good faith effort to either  
25 schedule meetings during nonworking hours or obtain voluntary  
26 agreements with employers to allow employees time off to  
27 attend labor management council meetings with no loss of pay  
28 or other benefits.

29 Notwithstanding section 8.33, moneys committed to grantees  
30 under contract that remain unexpended on June 30 of any fiscal  
31 year shall not revert to any fund but shall be available for  
32 expenditure for purposes of the contract during the succeeding  
33 fiscal year.

34 7. For transfer to the Iowa product development  
35 corporation fund established in section 28.89:

1 ..... \$ 887,500  
2 ..... FTEs 5.00

3 Sec. 2. Notwithstanding section 28.120, subsections 5, 6,  
4 and 7, and section 15.287, there is appropriated from the Iowa  
5 community development loan fund to the department of economic  
6 development for the fiscal year beginning July 1, 1992, and  
7 ending June 30, 1993, \$50,000, or so much thereof as is  
8 necessary, to be used for rural development financing, \$20,000  
9 to be transferred to the main street program, and \$436,000 or  
10 the remainder of the Iowa community development loan fund on  
11 June 30, 1992, whichever is greater, to be transferred only to  
12 the rural development program.

13 Sec. 3. Notwithstanding section 15.251, subsection 2,  
14 there is appropriated from the job training fund created in  
15 the office of the treasurer of state to the department of  
16 economic development for the fiscal year beginning July 1,  
17 1992, and ending June 30, 1993, the following amounts, or so  
18 much thereof as is necessary, to be used for the purposes  
19 designated:

20 1. For administration of chapter 280B, including salaries,  
21 support, maintenance, miscellaneous purposes, and for not more  
22 than the following full-time equivalent positions:

23 ..... \$ 125,000  
24 ..... FTEs 2.40

25 2. For the target alliance program:  
26 ..... \$ 30,000

27 3. For allocation to the community colleges to supplement  
28 the coordination and instruction of apprentice related  
29 instruction, and instructional equipment for apprenticeship  
30 programs as provided in section 280A.44 on the basis of the  
31 percentage of total contact hours enrolled in apprenticeship  
32 training at community colleges as of July 1, 1992, if funds  
33 remain in the job training fund after the appropriations in  
34 subsections 1 and 2 are made.

35 ..... \$ 125,000

1 Sec. 4. There is appropriated from the community college  
2 job training fund created in section 280C.6, subsection 1, to  
3 the department of economic development for the fiscal year  
4 beginning July 1, 1992, and ending June 30, 1993, the  
5 following amount, or so much thereof as is necessary, to be  
6 used for the purposes designated:

7 For salaries, support, maintenance, and miscellaneous  
8 purposes for the administration of the Iowa small business new  
9 jobs training Act, and for not more than the following full-  
10 time equivalent positions:

11 .....	\$	38,954
12 .....	FTEs	.70

13 Sec. 5. There is appropriated from the general fund of the  
14 state to the Iowa finance authority for the fiscal year  
15 beginning July 1, 1992, and ending June 30, 1993, the  
16 following amount, or so much thereof as is necessary, to be  
17 used for the purpose designated:

18 For deposit in the housing improvement fund created in  
19 section 220.100 for purposes of the fund:  
20 ..... \$ 1,573,550

21 Sec. 6. There is appropriated from the general fund of the  
22 state to the Wallace technology transfer foundation for the  
23 fiscal year beginning July 1, 1992, and ending June 30, 1993,  
24 the following amounts, or so much thereof as is necessary, to  
25 be used for the purposes designated:

26 For salaries, support, maintenance, and other operational  
27 purposes, for approving and submitting to the governor and  
28 general assembly not later than January 15 an annual report  
29 relating to performance goals of and efforts by the foundation  
30 to improve the modernization of industrial facilities for  
31 funding the small business innovation research program, for  
32 funding activities as provided in section 28.158, and for  
33 transferring \$75,000 of the funds appropriated in this  
34 subsection to the Iowa quality coalition for productivity  
35 enhancement projects:

1 ..... \$ 2,850,000  
2 ..... FTEs 4.00

3 Sec. 7. There is appropriated from the general fund of the  
4 state to INTERNET for the fiscal year beginning July 1, 1992,  
5 and ending June 30, 1993, the following amount, or so much  
6 thereof as is necessary, to be used for the purposes  
7 designated:

8 For deposit in the international network on trade fund  
9 created by the INTERNET board, provided that \$290,250 shall be  
10 allocated to the department of economic development for the  
11 Iowa international development foundation for the salaries and  
12 support for not more than 1.50 full-time equivalent positions  
13 for employees of the department of economic development,  
14 \$96,750 shall be allocated for the partner state program and  
15 the department may contract with private groups or  
16 organizations which are the most appropriate to administer  
17 this program, and the groups and organizations participating  
18 in the program shall, to the fullest extent possible, provide  
19 the funds to match the appropriation made in this section:

20 ..... \$ 750,000  
21 ..... FTEs 4.50

22 INTERNET shall use moneys appropriated in this section,  
23 unless otherwise specified, for the purposes set out in  
24 chapter 18B.

25 Sec. 8. There is appropriated from the general fund of the  
26 state to the Iowa state university of science and technology  
27 for the fiscal year beginning July 1, 1992, and ending June  
28 30, 1993, the following amount, or so much thereof as is  
29 necessary, to be used for the purposes designated:

30 For funding the small business development centers:  
31 ..... \$ 991,325

32 For funding the institute for physical research and  
33 technology provided that \$825,000 shall be allocated to the  
34 institute for physical research and technology industrial  
35 incentive program in accordance with the legislative intent of

1 this section:

2 ..... \$ 3,825,000

3 It is the intent of the general assembly that the incentive  
4 program focus on Iowa industrial sectors and seek  
5 contributions and in-kind donations from businesses,  
6 industrial foundations, and trade associations and that moneys  
7 for the institute for physical research and technology  
8 industrial incentive program shall only be allocated for  
9 projects which are matched by private sector moneys for  
10 directed contract research or for nondirected research. The  
11 match required of small businesses as defined in section  
12 15.102, subsection 4, for directed contract research or for  
13 nondirected research shall be \$1 for each \$3 of state funds.  
14 The match required for other businesses for directed contract  
15 research or for nondirected research shall be \$1 for each \$1  
16 of state funds. The match required of industrial foundations  
17 or trade associations shall be \$1 for each \$1 of state funds.

18 Iowa state university shall report annually to the joint  
19 economic development subcommittee of the general assembly the  
20 total amounts of private contributions, the proportion of  
21 contributions from small businesses and other businesses, and  
22 the proportion for directed contract research and nondirected  
23 research of benefit to Iowa businesses and industrial sectors.

24 Notwithstanding section 8.33, moneys appropriated for any  
25 fiscal year which remain unobligated and unexpended at the end  
26 of the fiscal year shall not revert but shall be available for  
27 expenditure the following fiscal year and the appropriation  
28 for the incentive program for the following year shall be  
29 reduced by an equal amount.

30 Sec. 9. There is appropriated from the general fund of the  
31 state to the university of Iowa for the fiscal year beginning  
32 July 1, 1992, and ending June 30, 1993, the following amount,  
33 or so much thereof as is necessary, to be used for the purpose  
34 designated:

35 For funding the advanced drug development program at the

1 Oakdale research park:

2 ..... \$ 500,000

3 Sec. 10. Section 15.241, unnumbered paragraphs 1 and 2,  
4 Code 1991, are amended to read as follows:

5 The department shall establish, contingent upon the  
6 availability of funds authorized for the program, a "self-  
7 employment loan program account" is established within the  
8 strategic investment fund created in section 15.313 to provide  
9 funding for the self-employment loan program which is to be  
10 conducted in coordination with the job training partnership  
11 program and other programs administered under section 15.108,  
12 subsection 6, paragraph "c". The department may contract with  
13 local community action agencies or other local entities in  
14 administering the program, and shall work with the department  
15 of employment services and the department of human services in  
16 developing the program.

17 The self-employment loan program shall administer a low-  
18 interest loan program to provide loans to low-income persons  
19 for the purpose of establishing or expanding small business  
20 ventures. The terms of the loans shall be determined by the  
21 department, but shall not be in excess of five ten thousand  
22 dollars to any single applicant or at a rate to exceed five  
23 percent simple interest per annum. A self-employment loan  
24 program revolving loan fund shall be established within the  
25 department. The department shall maintain records of all  
26 loans approved and the effectiveness of those loans in  
27 establishing or expanding small business ventures.

28 Sec. 11. Section 15.241, Code 1991, is amended by adding  
29 the following new unnumbered paragraph:

30 NEW UNNUMBERED PARAGRAPH. Payments of interest, recaptures  
31 of awards, and repayments of moneys loaned under this program  
32 shall be deposited into the strategic investment fund.

33 Sec. 12. Section 15.247, subsections 2 and 3, Code 1991,  
34 are amended to read as follows:

35 2. The department shall establish, contingent upon the

1 ~~availability of funds authorized for the program, a~~ A  
2 "targeted small business financial assistance program account"  
3 is established within the strategic investment fund created in  
4 section 15.313, to provide for loans, loan guarantees,  
5 revolving loans, loans secured by accounts receivable, or  
6 grants to targeted small businesses. A targeted small  
7 business in any year shall receive under this program not more  
8 than twenty-five thousand dollars in a loan or grant, and not  
9 more than forty thousand dollars in a guarantee, or a  
10 combination of loans, grants, or guarantees. The program  
11 shall provide guarantees not to exceed seventy-five percent  
12 for loans made by qualified lenders. The department shall  
13 establish a financial assistance reserve account from funds  
14 provided for this allocated to the program account, from which  
15 any default on a guaranteed loan under this section shall be  
16 paid. In administering the program the department shall not  
17 guarantee loan values in excess of the amount credited to the  
18 reserve account and only moneys set aside in the loan reserve  
19 account may be used for the payment of a default.

20 3. All moneys designated for the targeted small business  
21 financial assistance program shall be credited to the  
22 financial assistance reserve program account. The department  
23 shall also establish an administrative account from which the  
24 operating costs of the program shall be paid. The department  
25 may transfer moneys between the reserve and the administrative  
26 accounts except that not more than twenty-five percent of the  
27 moneys shall be used to administer the fund. The department  
28 shall determine the actuarially sound reserve requirement for  
29 the amount of guaranteed loans outstanding.

30 Sec. 13. Section 15.247, Code 1991, is amended by adding  
31 the following new subsection:

32 NEW SUBSECTION. 6. Payments of interest, recaptures of  
33 awards, and repayments of moneys loaned under this program  
34 shall be deposited into the strategic investment fund.

35 Sec. 14. NEW SECTION. 15.311 STRATEGIC INVESTMENT FUND.

1 This part shall be known as the "Iowa Strategic Investment  
2 Fund" program.

3 Sec. 15. NEW SECTION. 15.312 PURPOSE.

4 The purpose of this part shall be to provide a mechanism  
5 for funding those programs listed in section 15.313,  
6 subsection 2, in order to more efficiently meet the needs  
7 identified within those individual programs.

8 Sec. 16. NEW SECTION. 15.313 STRATEGIC INVESTMENT FUND.

9 1. An Iowa strategic investment fund is created as a  
10 revolving fund consisting of any money appropriated by the  
11 general assembly for that purpose and any other moneys  
12 available to and obtained or accepted by the department from  
13 the federal government or private sources for placement in the  
14 fund. The fund shall also include all of the following:

15 a. All unencumbered and unobligated funds from the special  
16 community economic betterment program fund created under 1990  
17 Iowa Acts, chapter 1262, section 1, subsection 18, remaining  
18 on June 30, 1992, all repayments of loans or other awards made  
19 under the community economic betterment account or under the  
20 community economic betterment program during any fiscal year  
21 beginning on or after July 1, 1985, and recaptures of awards.

22 b. All unencumbered and unobligated funds from the self-  
23 employment loan program, the targeted small business financial  
24 assistance program, the microenterprise development revolving  
25 fund, financing rural economic development or successor loan  
26 program, and the value-added agricultural products and  
27 processes financial assistance fund remaining on June 30,  
28 1992, and all repayments of loans or other awards or  
29 recaptures of awards made under these programs during any  
30 fiscal year beginning on or after July 1, 1992.

31 Notwithstanding section 8.33, moneys in the strategic  
32 investment fund at the end of each fiscal year shall not  
33 revert to any other fund but shall remain in the strategic  
34 investment fund for expenditure for subsequent fiscal years.

35 2. The assets of the fund shall be used by the department



- 1 for the following programs and purposes:  
2 a. The community economic betterment program created in  
3 sections 15.315 through 15.320.  
4 b. The value-added agricultural products and processes  
5 financial assistance program created in sections 28.111 and  
6 28.112.  
7 c. The business development finance corporation created in  
8 sections 28.131 through 28.149.  
9 d. The self-employment loan program created in section  
10 15.241.  
11 e. The targeted small business financial assistance  
12 program created in section 15.247.  
13 f. To provide comprehensive management assistance for  
14 applicants or recipients of assistance from programs supported  
15 by the fund.  
16 g. If funds are available under a federal microloan  
17 demonstration program, a portion of the moneys in the  
18 strategic investment fund may be utilized to access those  
19 federal funds to expand the state's small business financial  
20 assistance programs including the self-employment loan program  
21 and the targeted small business financial assistance program.  
22 3. The director shall submit annually at a regular or  
23 special meeting preceding the beginning of the fiscal year,  
24 for approval by the economic development board, the proposed  
25 allocation of funds from the strategic investment fund to be  
26 made for that fiscal year to the community economic betterment  
27 program, the value-added agricultural products and processes  
28 financial assistance program, the business development finance  
29 corporation, the self-employment loan program, and the  
30 targeted small business financial assistance program and for  
31 comprehensive management assistance. If funds are available  
32 under a federal microloan demonstration program, the director  
33 may recommend an allocation for that purpose. The plans may  
34 provide for increased or decreased allocations if the demand  
35 in a program indicates that the need exceeds the allocation

1 for that program. The director shall report on a monthly  
2 basis to the board on the status of the funds and may present  
3 proposed revisions for approval by the board in January and  
4 April of each year. Unobligated and unencumbered moneys  
5 remaining in the strategic investment fund or any of its  
6 accounts on June 30 of each year shall be considered part of  
7 the fund for purposes of the next year's allocation.

8 Sec. 17. NEW SECTION. 15.315 COMMUNITY ECONOMIC  
9 BETTERMENT PROGRAM.

10 This part shall be known as the "Community Economic  
11 Betterment Program."

12 Sec. 18. NEW SECTION. 15.316 PURPOSE.

13 The purpose of this program is to assist communities and  
14 rural areas of the state with their economic development  
15 efforts and to increase employment opportunities for Iowans by  
16 increasing the level of economic activity and development  
17 within the state.

18 Sec. 19. NEW SECTION. 15.317 PROGRAM.

19 1. The department shall establish a program to effectuate  
20 the purposes of this part by providing financial assistance  
21 for small business gap financing, new business opportunities,  
22 and new product and entrepreneurial development. These  
23 purposes may be accomplished by providing the following types  
24 of assistance:

25 a. A principal buy-down program to reduce the principal of  
26 a business loan.

27 b. An interest buy-down program to reduce the interest of  
28 a business loan.

29 c. Loans or forgivable loans to aid in economic  
30 development.

31 d. Loan guarantees for business loans made by commercial  
32 lenders.

33 e. Equity-like investments.

34 2. Only a political subdivision of this state may apply to  
35 receive funds for any of the purposes specified in subsection

1 1. The political subdivision shall make application to the  
2 department specifying the purpose for which the funds will be  
3 used.

4 3. The department shall not provide more than one million  
5 dollars for any project, unless approved by at least two-  
6 thirds of the members of the economic development board.

7 Sec. 20. NEW SECTION. 15.318 RATING FACTORS AND  
8 CRITERIA.

9 In ranking applications for funds, the department shall  
10 consider a variety of factors including, but not limited to,  
11 the following:

- 12 1. The proportion of local match to be provided.
- 13 2. The proportion of private contributions to be provided,  
14 including the involvement of financial institutions.
- 15 3. The total number of jobs to be created or retained.
- 16 4. The size of the business receiving assistance. The  
17 department shall award more points to small businesses as  
18 defined by the United States small business administration  
19 than to other businesses.
- 20 5. The potential for future growth in the industry  
21 represented by the business being considered for assistance.
- 22 6. The need of the business for financial assistance from  
23 governmental sources. The department shall award more points,  
24 to a business for which the department determines that  
25 governmental assistance is most necessary to the success of a  
26 project, than to other businesses.
- 27 7. The quality of the jobs to be created. In rating the  
28 quality of the jobs the department shall award more points to  
29 those jobs that have a higher wage scale, have a lower  
30 turnover rate, are full-time or career-type positions, provide  
31 comprehensive health benefits, or have other related factors  
32 which could be considered to be higher in quality, than to  
33 other jobs. Businesses that have wage scales substantially  
34 below that of existing Iowa businesses in that area should be  
35 rated as providing the lowest quality of jobs and should

1 therefore be given the lowest ranking for providing such  
2 assistance.

3 8. The level of need of the political subdivision.

4 9. The impact of the proposed project on the economy of  
5 the political subdivision.

6 10. The impact of the proposed project on other businesses  
7 in competition with the business being considered for  
8 assistance. The department shall make a good faith effort to  
9 identify existing Iowa businesses within an industry in  
10 competition with the business being considered for assistance.  
11 The department shall make a good faith effort to determine the  
12 probability that the proposed financial assistance will  
13 displace employees of the existing businesses. In determining  
14 the impact on businesses in competition with the business  
15 being considered for assistance, jobs created as a result of  
16 other jobs being displaced elsewhere in the state shall not be  
17 considered direct jobs created.

18 11. The impact to the state of the proposed project. In  
19 measuring the economic impact the department shall award more  
20 points for projects which have greater consistency with the  
21 state strategic plan than other projects. Greater consistency  
22 may include any or all of the following:

23 a. A business with a greater percentage of sales out-of-  
24 state or of import substitution.

25 b. A business with a higher proportion of in-state  
26 suppliers.

27 c. A project which would provide greater diversification  
28 of the state economy.

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

30 e. A potential for future job growth.

31 f. A project which is not a retail operation.

32 12. If a business has a record of violations of the law  
33 over a period of time that tends to show a consistent pattern,  
34 the business shall be given the lowest ranking for providing  
35 assistance. The department shall make a good faith effort to

1 compile this information.

2 13. If a business has, within three years of application  
3 for assistance, acquired or merged with an Iowa corporation or  
4 company, whether the business has made a good faith effort to  
5 hire the workers of the acquired or merged company.

6 14. Whether a business provides for a preference for  
7 hiring residents of the state or of the economic development  
8 area, except for out-of-state employees offered a transfer to  
9 Iowa or to the economic development area.

10 15. Whether all known required environmental permits have  
11 been issued and regulations met before moneys are released.

12 Sec. 21. NEW SECTION. 15.319 MONITORING OF JOB CREATION  
13 AND RETENTION.

14 1. The department shall develop definitions for the terms  
15 "job creation" and "job retention" to measure and identify the  
16 actual number of permanent, full-time positions which  
17 businesses actually create or retain and which can be  
18 documented by comparison of the payroll reports during the  
19 twenty-four-month period after awards to the businesses are  
20 made.

21 2. The department shall document the actual job creation  
22 and retention effects of all businesses receiving financial  
23 assistance from the program in the context of the employer  
24 contribution and payroll reports filed by the businesses.

25 3. The department shall require businesses which receive  
26 assistance from the program to submit historical copies of the  
27 employer contributions and payroll reports with the  
28 application for funds, require businesses to submit the  
29 reports after an award is made on a timely basis, and require  
30 businesses to estimate the expected job creation and retention  
31 effects for the twelve-month and twenty-four-month periods  
32 after an award is made in terms of the number of employees and  
33 total wages as documented in the payroll reports.

34 Sec. 22. NEW SECTION. 15.320 COMMUNITY ECONOMIC  
35 BETTERMENT PROGRAM ACCOUNT.

1 1. A community economic betterment program account is  
2 established within the strategic investment fund to be used by  
3 the department for the community economic betterment program.  
4 The account shall consist of all appropriations, grants, or  
5 gifts received by the department specifically for use under  
6 this part and any moneys allocated to the community economic  
7 betterment program account from the strategic investment fund.

8 2. Payments of interest, repayments of moneys loaned under  
9 the community economic betterment program, or recaptures of  
10 awards shall be deposited into the strategic investment fund.

11 Sec. 23. Section 28.111, subsection 3, unnumbered  
12 paragraph 1, Code 1991, is amended to read as follows:

13 The department of economic development may grant financial  
14 or technical assistance to a person eligible to receive  
15 assistance under this section, upon review and evaluation of  
16 the person's application by the agricultural products advisory  
17 council as established in section 15.203. ~~The council shall~~  
18 ~~make recommendations to approve or disapprove an application~~  
19 ~~to the department.~~ The department shall consider the  
20 recommendations council's evaluation in granting or denying  
21 assistance. The department shall not approve an application  
22 for assistance under this section to refinance an existing  
23 loan, or to finance traditional agricultural operations. An  
24 application is eligible for consideration if the application  
25 seeks assistance for any of the following purposes:

26 Sec. 24. Section 28.112, Code Supplement 1991, is amended  
27 to read as follows:

28 28.112 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES  
29 FINANCIAL ASSISTANCE FUND ACCOUNT.

30 1. ~~The department may establish a~~ A value-added  
31 agricultural products and processes financial assistance fund  
32 account is established within the strategic investment fund  
33 created in section 15.313. The fund account shall be a  
34 ~~revolving fund composed~~ consist of any money appropriated by  
35 the general assembly for that purpose, moneys allocated to the

1 account from the strategic investment fund, and any other  
2 moneys available to and obtained or accepted by the department  
3 from the federal government or private sources for placement  
4 in the fund account. Except as otherwise provided in  
5 subsection 2, the assets of the fund account shall be used by  
6 the department only for carrying out the purposes of section  
7 28.111.

8 2. The department may use moneys in the fund account to do  
9 any of the following:

10 a. Contract, sue and be sued, and adopt administrative  
11 rules necessary to carry out the provisions of this section  
12 and section 28.111, but the department shall not in any manner  
13 directly or indirectly pledge the credit of the state.

14 b. Authorize payment from the fund account for costs,  
15 commissions, attorney fees, and other reasonable expenses  
16 related to and necessary for insuring or guaranteeing loans  
17 under section 28.111, and for the recovery of loan moneys  
18 insured or guaranteed or the management of property acquired  
19 in connection with such loans.

20 3. Section-8-33-shall-not-apply-to-moneys-in-the-fund:  
21 Payments of interest, recaptures of awards, or repayments of  
22 moneys loaned under the value-added agricultural products and  
23 processes financial assistance program shall be deposited into  
24 the strategic investment fund.

25 Sec. 25. Section 28.148, Code 1991, is amended to read as  
26 follows:

27 28.148 STATE ASSISTANCE FUND.

28 There is created in the treasurer of state's office a  
29 "business development finance corporation assistance fund".  
30 The fund shall consist of all appropriations, grants, or gifts  
31 received by the treasurer specifically for assistance under  
32 this division and moneys allocated from the strategic  
33 investment fund created in section 15.313. Moneys in this  
34 fund are appropriated to the corporation for the purposes  
35 stated in this division. Moneys allocated to this fund for

1 purposes of the capital access program and repayments of  
2 moneys or recaptures of awards from the capital access program  
3 which remain unobligated at the end of a fiscal year may be  
4 returned to the strategic investment fund upon approval of the  
5 board of directors of the business development finance  
6 corporation.

7 Sec. 26. Section 99E.31, subsection 2, Code 1991, is  
8 amended by striking the subsection.

9 Sec. 27. Section 99E.32, subsection 2, Code Supplement  
10 1991, is amended by striking the subsection.

11 Sec. 28. Sections 15.301 through 15.305 and 15.307, Code  
12 1991, are repealed.

13 Sec. 29. Notwithstanding the provision in section 15.313  
14 granting the director of the department of economic  
15 development discretion in the allocation of the moneys to the  
16 various accounts in the strategic investment fund, for the  
17 fiscal year beginning July 1, 1992, a minimum of \$500,000  
18 shall be allocated to the targeted small business financial  
19 assistance program account and a minimum of \$220,000 shall be  
20 allocated to the self-employment loan program account.

21 Sec. 30. NEW SECTION. 28.162 IOWA BUSINESS INVESTMENT  
22 CORPORATION -- PURPOSE.

23 1. The purpose of this section is to provide for the  
24 incorporation under chapter 504A of a nonprofit corporation to  
25 organize, capitalize, and fund an Iowa-based small business  
26 investment company which shall have the purpose of increasing  
27 the availability of funds for investment in and loans to Iowa  
28 small businesses on a regional basis. The small business  
29 investment company shall be incorporated under the Iowa law.

30 2. In addition to the powers granted under chapter 504A,  
31 the corporation shall have the power to invest in the small  
32 business investment company and to serve as guarantor of the  
33 preferred stock of the small business investment company.

34 In exchange for the guaranty, the corporation shall receive  
35 warrants for a percentage of the preferred stock of the small



1 business investment company. The guaranty shall expire ten  
2 years after the guaranty agreement is entered into. The  
3 corporation shall only be liable as guarantor in the event  
4 that capital replenishment becomes necessary due to federal  
5 small business administration requirements or in the event of  
6 a capital loss upon liquidation of the small business  
7 investment company.

8 Sec. 31. NEW SECTION. 28.163 BOARD OF DIRECTORS OF  
9 CORPORATION.

10 1. The powers of the corporation are vested in and shall  
11 be exercised by the board of directors. The directors shall  
12 serve a term of three years. Each term shall begin and end as  
13 provided in section 69.19. No more than a simple majority of  
14 the members of the board shall belong to the same political  
15 party as provided in section 69.16.

16 2. The board shall consist of three members appointed as  
17 follows:

18 a. One member appointed by the governor or the governor's  
19 designee.

20 b. One member shall be the treasurer of state or the  
21 treasurer's designee.

22 c. One member shall be a private citizen appointed by the  
23 legislative council. This member shall be well qualified and  
24 shall have at least five years of experience in a responsible  
25 position in a business involved in investing in business  
26 concerns.

27 3. The board shall annually elect one member as  
28 chairperson and one member as secretary. The board may elect  
29 other officers of the corporation as necessary.

30 4. Each director of the corporation shall take an oath of  
31 office which shall be filed in the office of the secretary of  
32 state.

33 Sec. 32. NEW SECTION. 28.164 SMALL BUSINESS INVESTMENT  
34 COMPANY.

35 1. The small business investment company organized

1 pursuant to section 28.162 and this section may make  
2 investments in the common and preferred stock of and may make  
3 loans to or purchase the debt obligations of Iowa small  
4 businesses which are unable to raise equity capital or obtain  
5 financing from conventional sources. The criteria for  
6 investment in or loans to Iowa small businesses by the small  
7 business investment company shall include geographic  
8 distribution, economic diversity, potential for job creation  
9 and retention, and potential for long-term success.

10 2. The small business investment company shall comply with  
11 the small business investment company licensing requirements  
12 of the federal small business administration.

13 3. The capital of the small business investment company  
14 shall consist of shares sold on a regional basis to banks,  
15 insurance companies, finance companies, savings institutions,  
16 other corporations, limited liability companies, partnerships,  
17 and individuals. For the purposes of section 28.162 the  
18 shares acquired by each investor shall be divided equally  
19 between common and preferred shares.

20 4. Applications to the small business investment company  
21 for investments and loans shall originate within the regions  
22 set out in section 28H.1. For the purposes of this section,  
23 Boone, Dallas, Jasper, Marion, Polk, Story, and Warren  
24 counties shall constitute a region.

25 5. The operations of the small business investment company  
26 shall be conducted by a private manager contracted for by the  
27 board of directors of the company on the basis of the  
28 manager's expertise and record in the making or procuring of  
29 investments in and loans to small businesses. The small  
30 business investment company shall be operated in accordance  
31 with federal small business association regulations.

32 6. The board of directors of the small business investment  
33 company shall consist of not less than seventeen nor more than  
34 twenty-one persons who shall be elected by the private  
35 shareholders from each of the seventeen regions set out in

1 subsection 5.

2 7. To qualify for the guaranty under section 28.162, the  
3 small business investment company shall satisfy the conditions  
4 set out in this section and those of the federal small  
5 business administration, provided that federal small business  
6 administration requirements shall take precedence over the  
7 requirements of this section.

8 Sec. 33. Section 73.18, Code Supplement 1991, is amended  
9 to read as follows:

10 73.18 NOTICE OF SOLICITATION FOR BIDS --IDENTIFICATION OF  
11 TARGETED SMALL BUSINESSES.

12 The director of each agency or department, the  
13 administrator of each area education agency, the president of  
14 each community college, and the superintendent of each school  
15 district releasing a solicitation for bids or request for  
16 proposal under the targeted small business procurement goal  
17 program shall ~~notify the director of the department of~~  
18 economic development consult a directory of certified targeted  
19 small businesses produced by the department of economic  
20 development that lists all certified targeted small businesses  
21 by category of goods or services provided prior to or upon  
22 release of the solicitation and shall send a copy of the  
23 request for proposal or solicitation to any appropriate  
24 targeted small business listed in the directory. The Iowa  
25 department of economic development may charge the department,  
26 agency, area education agency, community college, or school  
27 district a reasonable fee to cover the cost of producing,  
28 distributing, and updating the directory. ~~A community~~  
29 ~~college, area education agency, or school district shall~~  
30 ~~notify the department of education which shall notify the~~  
31 ~~department of economic development prior to or upon release of~~  
32 ~~the solicitation;--The director of the department of economic~~  
33 ~~development shall notify the soliciting agency or department,~~  
34 ~~or community college, area education agency, or school~~  
35 ~~district, of any targeted small businesses which have been~~

1 certified-pursuant-to-section-10A-104,-subsection-8,-and-which  
2 may-be-qualified-to-bid-

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HOUSE FILE 2462

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1 Amend House File 2462, as amended, passed, and re-  
2 printed by the House, as follows:

3 1. Page 1, by striking lines 14 through 18 and  
4 inserting the following:

5 "The department shall plan for and initiate a long-  
6 term process for the continuous improvement of the  
7 services provided to the citizens of Iowa using the  
-8 principles of total quality management."

9 2. By striking page 1, line 35 through page 2,  
10 line 2, and inserting the following: "positions:".

11 3. Page 2, line 3, by striking the figure  
12 "2,705,555", and inserting the following:  
13 "2,505,555".

14 4. Page 2, by striking lines 11 through 15 and  
15 inserting the following: "the administration of the  
16 targeted small business program:

17 ..... \$ 273,000".

18 5. Page 2, by inserting after line 26 the  
19 following:

20 "\_\_\_\_\_. Regionally based business outreach program  
21 To implement the regionally based business outreach  
22 program:

23 ..... \$ 318,000".

24 6. Page 3, by striking lines 2 through 15 and  
25 inserting the following:

26 "\_\_\_\_\_. Small business investment company  
27 capitalization

28 For transfer to the treasurer of state for the  
29 purpose of facilitating the organization and private  
30 capitalization of the small business investment  
31 company under sections 28.162 through 28.164. If the  
32 small business investment company for which the funds  
33 are to be used is not organized within eighteen months  
34 of the effective date of this Act, unused funds shall  
35 revert to the general fund of the state:

36 ..... \$ 200,000".

37 7. Page 4, by striking lines 19 through 24.

38 8. Page 5, line 29, by striking the figure  
39 "14.97" and inserting the following: "17.77".

40 9. Page 6, by inserting after line 13 the  
41 following:

42 "Notwithstanding section 8.33, pursuant to 1990  
43 Iowa Acts, chapter 1255, section 37, subsection 1, as  
44 amended by 1991 Iowa Acts, chapter 260, section 1001,  
45 the department may use up to \$200,000 for a welcome  
46 center project based upon the department's  
47 prioritization report, dated December 1991, and moneys  
48 committed to grantees under contract that remain  
49 unexpended on June 30 of any fiscal year shall not  
50 revert to any fund but shall be available for

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1 expenditure for purposes of the contract during the  
2 succeeding fiscal year."

3 10. Page 8, by inserting after line 2 the  
4 following:

5 "Sec. \_\_\_\_\_. There is appropriated from use tax  
6 receipts collected under chapter 423 prior to deposit  
7 in the road use tax fund, to the department of  
8 economic development for the fiscal year beginning  
9 July 1, 1992, and ending June 30, 1993, the following  
10 amount, or so much thereof as may be necessary, to be  
11 used for the operation of the interstate welcome  
12 center system:

13 ..... \$ 41,586".

14 11. Page 8, by striking lines 10 and 11 and  
15 inserting the following: "the remainder of the Iowa  
16 community development loan fund available during the  
17 fiscal year beginning July 1, 1992, and ending June  
18 30, 1993, whichever is greater, to be transferred only  
19 to".

20 12. Page 10, line 2, by striking the figure  
21 "4.00" and inserting the following: "6.00".

22 13. Page 10, line 13, by inserting after the word  
23 "development," the following: "\$96,750 shall be  
24 allocated to the peace institute, and".

25 14. Page 10, line 20, by striking the figure  
26 "750,000", and inserting the following: "846,750".

27 15. By striking page 10, line 33 through page 11,  
28 line 29, and inserting the following: "technology:  
29 ..... \$ 3,000,000".

30 16. Page 12, by inserting after line 2 the  
31 following:

32 "Sec. \_\_\_\_\_. There is appropriated from the general  
33 fund of the state to the university of northern Iowa  
34 for the fiscal year beginning July 1, 1992, and ending  
35 June 30, 1993, the following amounts, or so much  
36 thereof as is necessary, to be used for the purposes  
37 designated:

38 For funding the decision-making institute:  
39 ..... \$ 600,000

40 For funding the applied technology program:  
41 ..... \$ 225,000".

42 17. Page 12, by inserting before line 3 the  
43 following:

44 "Sec. \_\_\_\_\_. Section 15.108, Code Supplement 1991,  
45 is amended by adding the following new subsections:

46 NEW SUBSECTION. 10. ECONOMIC DEVELOPMENT PLANNING  
47 AND RESEARCH ACTIVITIES. To provide leadership and  
48 support for economic and community development  
49 activities statewide. To carry out this  
50 responsibility, the department may establish a

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- 1 research center for economic development programs and  
2 services whose duties may include but are not limited  
3 to the following:
- 4 a. Implementation of a comprehensive statewide  
5 economic development planning process and provision of  
6 leadership, coordination, and support to regional and  
7 local economic and community planning efforts.
- 8 b. Coordination of the delivery of economic and  
9 community development programs with other local,  
10 regional, state, federal, and private sector programs  
11 and activities.
- 12 c. Collection and analysis of data and  
13 information, development of databases and performing  
14 research to keep abreast of Iowa's present economic  
15 base, changing market demands, and emerging trends,  
16 including identification of targeted markets and  
17 development of marketing strategies.
- 18 d. Provision of access to databases to facilitate  
19 sales and exports by Iowa businesses.
- 20 e. Establishment of a database of community and  
21 economic information to aid local regional and  
22 statewide economic development and service delivery  
23 efforts.

24 NEW SUBSECTION. 11. REGIONALLY BASED BUSINESS  
25 OUTREACH PROGRAM. To create and stimulate economic  
26 opportunity for entrepreneurs and existing businesses  
27 in the state by providing outreach, assistance, and  
28 support and to coordinate economic development  
29 services and programs for individuals, businesses, and  
30 communities. To carry out this responsibility the  
31 department may establish a regionally based business  
32 outreach program to:

- 33 a. Identify business needs that can be served by  
34 programs of the department.
- 35 b. Assure that there is equal access statewide to  
36 a basic set of programs and services to assist  
37 business.
- 38 c. Develop partnerships and better coordination  
39 between statewide and regional service providers.
- 40 d. Offer a regionally based outreach opportunity  
41 for existing business.
- 42 e. Utilize a statewide network for business  
43 assistance to provide a mechanism for regular  
44 coordination statewide among service providers.
- 45 f. Promote cooperative efforts among business  
46 assistance service providers."

47 18. Page 13, by inserting after line 34, the  
48 following:

49 "Sec. \_\_\_\_\_. Section 15.303, Code 1991, is amended  
50 by striking the section and inserting in lieu thereof

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Page 4

1 the following:

2 15.303 REGIONALLY BASED BUSINESS OUTREACH PROGRAM

3 -- AUTHORITY OF THE DIRECTOR.

4 The director has the authority in regard to the  
5 regionally based business outreach program to do any  
6 of the following:

7 1. Contract with each community college for the  
8 employment of a business outreach specialist to be  
9 located within a regional business and industry  
10 services center who is to be part of a statewide  
11 network for business assistance coordinated by the  
12 department.

13 2. Establish regional coordinating councils to  
14 coordinate the regional delivery of economic  
15 development programs and services to businesses and to  
16 establish and adopt the policy and work plan for the  
17 business outreach specialist.

18 3. Cooperate with the councils of governments,  
19 community colleges, small business development  
20 centers, the center for industrial research and  
21 service, the Iowa quality coalition, and other public  
22 and private service providers in the state to  
23 coordinate the delivery of economic development and  
24 community development programs and services to avoid  
25 duplication in the delivery of such programs and  
26 services.

27 4. Adopt policies for the monitoring and  
28 enforcement of contracts awarded to community colleges  
29 to carry out the purposes of this program. The  
30 department may withhold the disbursement of funds for  
31 failure to achieve milestones established in the  
32 contracts.

33 5. Provide leadership and support in the  
34 development and implementation of statewide, regional,  
35 and local economic and community development planning  
36 efforts.

37 6. Provide information and data to Iowa  
38 businesses, communities, and individuals through a  
39 central registry.

40 7. Provide coordination, assistance, and support  
41 for the operation of regional coordinating councils  
42 and for the regionally based business outreach  
43 program.

44 Sec. \_\_\_\_ . Section 15.305, Code 1991, is amended by  
45 striking the section and inserting in lieu thereof the  
46 following:

47 15.305 REGIONAL COORDINATING COUNCILS -- DUTIES.

48 1. For purposes of establishing regional business  
49 and industry services centers, the state is divided  
50 into fifteen regions identical to the boundaries for

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1 the community colleges under chapter 280A. However,  
2 for purposes of the regional business and industry  
3 services centers, one or more community colleges may  
4 enter into an agreement that all businesses within a  
5 county shall be served by the community college that  
6 serves the county seat. Each region shall establish a  
7 regional coordinating council.

8 2. Membership of the regional coordinating council  
9 shall consist of at least twelve members who shall be  
10 representative of education, government, business and  
11 industry, labor, professional developers, and service  
12 organizations in the merged area. Private sector  
13 representation shall comprise at least one-half of the  
14 membership and shall include at least one member who  
15 is a professional developer in the region. Service  
16 providers serving a substantial portion of the merged  
17 area may have a representative on the regional  
18 coordinating council. The appointment and terms of  
19 office of the members shall be governed by bylaws  
20 adopted by each regional coordinating council.

21 3. A director, officer, employee, member, trustee,  
22 or volunteer, of a regional coordinating council is  
23 not liable for the debts or obligations of the  
24 regional coordinating council and a director, officer,  
25 employee, member, trustee, or volunteer is not  
26 personally liable for a claim based upon an act or  
27 omission of the person performed in the discharge of  
28 the person's duties, except for acts or omissions  
29 which involve intentional misconduct or known  
30 violation of the law, or for a transaction from which  
31 the person derives an improper personal benefit.

32 4. The regional coordinating councils shall do all  
33 of the following:

34 a. Adopt a multiyear regional business assistance  
35 work plan to guide the operation of the business  
36 outreach specialist in the delivery of programs and  
37 services to businesses in the region and provide  
38 annual updates. The work plan may include other  
39 activities specifically designed to meet the needs of  
40 businesses in the region. The regional coordinating  
41 council shall consult with service providers within  
42 the region in the preparation and adoption of the work  
43 plan and may contract with one or more service  
44 providers in its preparation. The work plan shall be  
45 submitted to the department and to the president of  
46 the community college or the president's designee for  
47 review and comment before the adoption of the work  
48 plan by the regional coordinating council. Before the  
49 release of any state funds by the department to the  
50 community college for operation of a regional business

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1 and industry outreach program, the work plan shall be  
2 approved by the department.

3 b. Evaluate and monitor the operation of the  
4 regional business and industry outreach program to  
5 implement the goals and objectives established in the  
6 work plan to deliver economic development programs and  
7 services to businesses in the region. The regional  
8 coordinating council shall report at least quarterly  
9 to the president of the community college or the  
10 president's designee and to the department of economic  
11 development on the operation of the program. The  
12 department shall review and consider the report prior  
13 to disbursing funds to the community college.

14 c. Cooperate with the department to promote local,  
15 regional, and statewide service delivery systems and  
16 to coordinate the delivery of economic development  
17 programs and services to businesses in the region.  
18 The regional coordinating council may recommend to the  
19 department of economic development plans to better  
20 coordinate the delivery of services in the region and  
21 to avoid duplication of services.

22 d. Elect annually a representative to serve on the  
23 advisory council established by the department to  
24 provide input on the review and update of the state's  
25 economic development strategic plan.

26 e. Conduct a biennial inventory of business  
27 assistance service providers to businesses within the  
28 region and provide information about available  
29 technical services to the department.

30 f. Meet at least quarterly with the board of  
31 directors or their designees of the community college,  
32 any councils of governments serving a substantial  
33 portion of the region, and representatives of any  
34 small business development center, incubator, area  
35 quality council, professional developers in the  
36 region, and the center for industrial research and  
37 service serving the region to share information,  
38 develop plans and programs, and coordinate the  
39 delivery of services within the region.

40 Sec. \_\_\_\_\_. Section 15.307, Code 1991, is amended by  
41 striking the section and inserting in lieu thereof the  
42 following:

43 15.307 REGIONALLY BASED BUSINESS OUTREACH PROGRAM.

44 1. The director of the department of economic  
45 development is authorized to contract with each  
46 community college for employment of a business  
47 outreach specialist within a business services center  
48 to work with existing business within the region to  
49 determine company needs and provide access or referral  
50 to services, or if services are not readily accessible

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1 within the region, to coordinate with other service  
2 providers to determine how services should be accessed  
3 or provided. The contract shall include but is not  
4 limited to the following:

5 a. Procedures for development and adoption of a  
6 regional work plan by the regional coordinating  
7 council to be implemented by the community college to  
8 guide the activities of the business outreach  
9 specialist.

10 b. Criteria for employment and evaluation of the  
11 business outreach specialist to implement the  
12 provisions of the contract in the region. The  
13 contract shall include responsibilities and duties of  
14 the specialist and other personnel, wage and benefit  
15 provisions, and performance measures related to  
16 carrying out the provisions of the contract.

17 c. An annual budget for operation of the program  
18 and activities agreed to in the contract including  
19 provisions related to the transfer of funds to the  
20 community college or its designee, as agreed upon by  
21 the president of the community college and the  
22 director. The budget shall reflect the work plan of  
23 the regional coordinating council to implement the  
24 intent and purposes of the contract.

25 d. Performance measures for quarterly and annual  
26 evaluation of the program and activities agreed to in  
27 the contract.

28 2. The duties of the business outreach specialist  
29 shall include the activities listed in this section  
30 and may include other programs and activities agreed  
31 to in the contract. The business outreach specialist  
32 shall do all of the following:

33 a. Provide outreach and visitation to  
34 entrepreneurs and businesses, including data  
35 collection for the business database, needs  
36 identification, and information delivery.

37 b. Function as a clearinghouse and referral center  
38 for information on business assistance programs and  
39 services. The business outreach specialist shall  
40 serve as a liaison between businesses in the region,  
41 the department, and other business assistance service  
42 providers. The specialist shall provide follow-up on  
43 referrals.

44 c. Maintain ongoing communication with other  
45 business assistance service providers in the region  
46 and coordinate the delivery of programs and services  
47 between the service providers and businesses. The  
48 specialist shall cooperate with other service  
49 providers in the region and statewide to be part of a  
50 statewide network established by the department to

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1 create and promote entrepreneurship, business  
2 retention, business development, and business  
3 expansion.  
4 d. Assist the regional coordinating council in  
5 preparing and implementing the annual regional  
6 business assistance work plan and inventory of  
7 business assistance service providers.  
8 e. Provide the regional link for the database and  
9 information systems of the department. In providing  
10 the regional link, the specialist shall do all of the  
11 following:

12 (1) Implement and utilize the department's  
13 databases to facilitate trade opportunities for  
14 businesses in the region, including updating  
15 information, and providing trade lead data.

16 (2) Provide information and referral to  
17 individuals and businesses about available programs  
18 and services.

19 (3) Provide other information and data concerning  
20 businesses in the region to the department or other  
21 sources.

22 f. Perform other related duties and  
23 responsibilities as agreed upon in the contract."

24 19. Page 22, by inserting after line 6, the  
25 following:

26 "Sec. \_\_\_\_ . Section 28.156, Code 1991, is amended  
27 by adding the following new subsection:

28 NEW SUBSECTION. 6. Carry out the duties  
29 authorized in section 28.166 regarding the  
30 manufacturing technology network and adopt rules  
31 pursuant to chapter 17A to implement the program.

32 Sec. \_\_\_\_ . Section 28.158, subsection 1, Code 1991,  
33 is amended by adding the following new paragraph:

34 NEW PARAGRAPH. g. For the manufacturing  
35 technology network.

36 Sec. \_\_\_\_ . NEW SECTION. 28.165 PURPOSE -- INTENT.

37 The purposes of the manufacturing technology  
38 network are:

39 1. To create and stimulate economic opportunity by  
40 providing technical assistance to individual industry  
41 or to industrial sectors in this state.

42 2. To assist in the identification of  
43 opportunities for modernization and increased  
44 competitiveness of individual industry or industrial  
45 sectors.

46 3. To assure statewide access to industrial  
47 technology programs and services.

48 4. To provide specific programs for individual  
49 industry or industrial sectors by:

50 a. Developing partnerships and coordination

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1 between statewide and regional providers of services  
2 for modernization and increased competitiveness for  
3 Iowa industry.

4 b. Establishing an industrial contact outreach  
5 program to evaluate the need for technical services  
6 and implementing an industrial needs assessment  
7 database.

8 c. Collaborating with a network of specialized  
9 technology resource sites throughout the state.

10 5. To facilitate the transfer of university  
11 research that is available for commercial application  
12 to individual industry or industrial sectors.

13 Sec. . NEW SECTION. 28.166 REGIONALLY BASED  
14 MANUFACTURING TECHNOLOGY NETWORK.

15 1. The executive director of the foundation may  
16 contract with one or more community colleges for  
17 employment of an industrial technology outreach  
18 specialist within a regional business and industry  
19 services center to work with individual industry or  
20 industrial sectors to determine company needs and  
21 provide technical assistance or referral to services,  
22 or to coordinate with other service providers to  
23 determine how services should be accessed or provided.  
24 The contract shall include but is not limited to the  
25 following:

26 a. The establishment of an industrial technology  
27 outreach program that will identify needs of  
28 individual industry or industrial sectors.

29 b. Criteria for assuring access to programs and  
30 services to assist individual industry or industrial  
31 sectors.

32 c. An annual budget for operation of the program  
33 and activities agreed to in the contract including  
34 provisions related to the transfer of funds to the  
35 community college, as agreed upon by the president of  
36 the community college and the executive director.

37 d. Performance measures for quarterly and annual  
38 evaluation of the program and activities agreed to in  
39 the contract. The foundation may withhold the  
40 disbursement of funds for failure to achieve criteria  
41 established in the contract.

42 e. The duties of the industrial technology  
43 outreach specialist.

44 2. The foundation may provide or contract for the  
45 delivery of technical services to individual industry  
46 or industrial sectors."

47 20. Page 22, by inserting after line 12, the  
48 following:

49 "Sec. \_\_\_\_ . Section 15.306, Code 1991, is  
50 repealed."

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Page 10

- 1 21. Page 24, line 31, by striking the word  
2 "association" and inserting the following:  
3 "administration".  
4 22. Page 26, by inserting after line 2, the  
5 following:  
6 "Sec. \_\_\_\_\_. All loan repayments under the rural  
7 community 2000 program shall be transferred to the  
8 Iowa finance authority housing improvement fund under  
9 section 220.100."  
10 23. Title page, line 4, by inserting after the  
11 word "technology" the following: ", the university of  
12 northern Iowa, replacing the Iowa economic development  
13 network with a regionally based business outreach  
14 program, establishing a manufacturing technology  
15 network under the Wallace technology transfer  
16 foundation, and providing for economic development  
17 planning and research activities by the department of  
18 economic development."  
19 24. By renumbering, relettering, or redesignating  
20 and correcting internal references as necessary.

By COMMITTEE ON APPROPRIATIONS  
LEONARD BOSWELL, Chairperson

S-5640 FILED APRIL 10, 1992

*Adopted as amended by 56.40, 56.59  
4/13 (p 137\*)*

SENATE AMENDMENT TO HOUSE FILE 2462

H-5890

1 Amend House File 2462, as amended, passed, and re-  
2 printed by the House, as follows:

3 1. Page 1, by striking lines 14 through 18 and  
4 inserting the following:

5 "The department shall plan for and initiate a long-  
6 term process for the continuous improvement of the  
7 services provided to the citizens of Iowa using the  
8 principles of total quality management."

9 2. By striking page 1, line 35 through page 2,  
10 line 2, and inserting the following: "positions:".

11 3. Page 2, line 3, by striking the figure  
12 "2,705,555", and inserting the following:  
13 "2,505,555".

14 4. Page 2, by striking lines 11 through 15 and  
15 inserting the following: "the administration of the  
16 targeted small business program:

17 ..... \$ 273,000".

18 5. Page 2, by inserting after line 26 the  
19 following:

20 " . Regionally based business outreach program  
21 To implement the regionally based business outreach  
22 program:

23 ..... \$ 318,000".

24 6. Page 3, by striking lines 2 through 15 and  
25 inserting the following:

26 " . Small business investment company  
27 capitalization

28 For transfer to the treasurer of state for the  
29 purpose of facilitating the organization and private  
30 capitalization of the small business investment  
31 company under sections 28.162 through 28.164. If the  
32 small business investment company for which the funds  
33 are to be used is not organized within eighteen months  
34 of the effective date of this Act, unused funds shall  
35 revert to the general fund of the state:

36 ..... \$ 200,000".

37 7. Page 4, by striking lines 19 through 24.

38 8. Page 5, line 29, by striking the figure  
39 "14.97" and inserting the following: "17.77".

40 9. Page 6, by inserting after line 13 the  
41 following:

42 "Notwithstanding section 8.33, pursuant to 1990  
43 Iowa Acts, chapter 1255, section 37, subsection 1, as  
44 amended by 1991 Iowa Acts, chapter 260, section 1001,  
45 the department may use up to \$200,000 for a welcome  
46 center project based upon the department's  
47 prioritization report, dated December 1991, and moneys  
48 committed to grantees under contract that remain  
49 unexpended on June 30 of any fiscal year shall not  
50 revert to any fund but shall be available for

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1 expenditure for purposes of the contract during the  
2 succeeding fiscal year."

3 10. Page 8, by inserting after line 2 the  
4 following:

5 Sec. \_\_\_\_\_. There is appropriated from the general  
6 fund, from moneys which would otherwise be  
7 appropriated to the peace institute, to the department  
8 of economic development for the fiscal year beginning  
9 July 1, 1992, and ending June 30, 1993, the following  
10 amount, or so much thereof as may be necessary, to be  
11 used for the operation of the interstate welcome  
12 center system:

13 ..... \$ 41,586".

14 11. Page 8, by striking lines 10 and 11 and  
15 inserting the following: "the remainder of the Iowa  
16 community development loan fund available during the  
17 fiscal year beginning July 1, 1992, and ending June  
18 30, 1993, whichever is greater, to be transferred only  
19 to".

20 12. Page 10, line 2, by striking the figure  
21 "4.00" and inserting the following: "6.00".

22 13. Page 10, line 13, by inserting after the word  
23 "development," the following: "\$55,164 shall be  
24 allocated to the peace institute, and".

25 14. Page 10, line 20, by striking the figure  
26 "750,000", and inserting the following: "846,750".

27 15. By striking page 10, line 33 through page 11,  
28 line 29, and inserting the following: "technology:  
29 ..... \$ 3,000,000".

30 16. Page 12, by inserting after line 2 the  
31 following:

32 "Sec. \_\_\_\_\_. There is appropriated from the general  
33 fund of the state to the university of northern Iowa  
34 for the fiscal year beginning July 1, 1992, and ending  
35 June 30, 1993, the following amounts, or so much  
36 thereof as is necessary, to be used for the purposes  
37 designated:

38 For funding the decision-making institute:  
39 ..... \$ 600,000  
40 For funding the applied technology program:  
41 ..... \$ 225,000".

42 17. Page 12, by inserting before line 3 the  
43 following:

44 "Sec. \_\_\_\_\_. Section 15.108, Code Supplement 1991,  
45 is amended by adding the following new subsections:  
46 NEW SUBSECTION. 10. ECONOMIC DEVELOPMENT PLANNING  
47 AND RESEARCH ACTIVITIES. To provide leadership and  
48 support for economic and community development  
49 activities statewide. To carry out this  
50 responsibility, the department may establish a

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1 research center for economic development programs and  
2 services whose duties may include but are not limited  
3 to the following:

4 a. Implementation of a comprehensive statewide  
5 economic development planning process and provision of  
6 leadership, coordination, and support to regional and  
7 local economic and community planning efforts.

8 b. Coordination of the delivery of economic and  
9 community development programs with other local,  
10 regional, state, federal, and private sector programs  
11 and activities.

12 c. Collection and analysis of data and  
13 information, development of databases and performing  
14 research to keep abreast of Iowa's present economic  
15 base, changing market demands, and emerging trends,  
16 including identification of targeted markets and  
17 development of marketing strategies.

18 d. Provision of access to databases to facilitate  
19 sales and exports by Iowa businesses.

20 e. Establishment of a database of community and  
21 economic information to aid local regional and  
22 statewide economic development and service delivery  
23 efforts.

24 NEW SUBSECTION. 11. REGIONALLY BASED BUSINESS  
25 OUTREACH PROGRAM. To create and stimulate economic  
26 opportunity for entrepreneurs and existing businesses  
27 in the state by providing outreach, assistance, and  
28 support and to coordinate economic development  
29 services and programs for individuals, businesses, and  
30 communities. To carry out this responsibility the  
31 department may establish a regionally based business  
32 outreach program to:

33 a. Identify business needs that can be served by  
34 programs of the department.

35 b. Assure that there is equal access statewide to  
36 a basic set of programs and services to assist  
37 business.

38 c. Develop partnerships and better coordination  
39 between statewide and regional service providers.

40 d. Offer a regionally based outreach opportunity  
41 for existing business.

42 e. Utilize a statewide network for business  
43 assistance to provide a mechanism for regular  
44 coordination statewide among service providers.

45 f. Promote cooperative efforts among business  
46 assistance service providers."

47 18. Page 13, by inserting after line 34, the  
48 following:

49 "Sec. \_\_\_\_ . Section 15.303, Code 1991, is amended  
50 by striking the section and inserting in lieu thereof

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Page 4

1 the following:

2 15.303 REGIONALLY BASED BUSINESS OUTREACH PROGRAM  
3 -- AUTHORITY OF THE DIRECTOR.

4 The director has the authority in regard to the  
5 regionally based business outreach program to do any  
6 of the following:

7 1. Contract with each community college for the  
8 employment of a business outreach specialist to be  
9 located within a regional business and industry  
10 services center who is to be part of a statewide  
11 network for business assistance coordinated by the  
12 department.

13 2. Establish regional coordinating councils to  
14 coordinate the regional delivery of economic  
15 development programs and services to businesses and to  
16 establish and adopt the policy and work plan for the  
17 business outreach specialist.

18 3. Cooperate with the councils of governments,  
19 community colleges, small business development  
20 centers, the center for industrial research and  
21 service, the Iowa quality coalition, and other public  
22 and private service providers in the state to  
23 coordinate the delivery of economic development and  
24 community development programs and services to avoid  
25 duplication in the delivery of such programs and  
26 services.

27 4. Adopt policies for the monitoring and  
28 enforcement of contracts awarded to community colleges  
29 to carry out the purposes of this program. The  
30 department may withhold the disbursement of funds for  
31 failure to achieve milestones established in the  
32 contracts.

33 5. Provide leadership and support in the  
34 development and implementation of statewide, regional,  
35 and local economic and community development planning  
36 efforts.

37 6. Provide information and data to Iowa  
38 businesses, communities, and individuals through a  
39 central registry.

40 7. Provide coordination, assistance, and support  
41 for the operation of regional coordinating councils  
42 and for the regionally based business outreach  
43 program.

44 Sec. \_\_\_\_ . Section 15.305, Code 1991, is amended by  
45 striking the section and inserting in lieu thereof the  
46 following:

47 15.305 REGIONAL COORDINATING COUNCILS -- DUTIES.

48 1. For purposes of establishing regional business  
49 and industry services centers, the state is divided  
50 into fifteen regions identical to the boundaries for

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1 the community colleges under chapter 280A. However,  
2 for purposes of the regional business and industry  
3 services centers, one or more community colleges may  
4 enter into an agreement that all businesses within a  
5 county shall be served by the community college that  
6 serves the county seat. Each region shall establish a  
7 regional coordinating council.

8 2. Membership of the regional coordinating council  
9 shall consist of at least twelve members who shall be  
10 representative of education, government, business and  
11 industry, labor, professional developers, and service  
12 organizations in the merged area. Private sector  
13 representation shall comprise at least one-half of the  
14 membership and shall include at least one member who  
15 is a professional developer in the region. Service  
16 providers serving a substantial portion of the merged  
17 area may have a representative on the regional  
18 coordinating council. The appointment and terms of  
19 office of the members shall be governed by bylaws  
20 adopted by each regional coordinating council.

21 3. A director, officer, employee, member, trustee,  
22 or volunteer, of a regional coordinating council is  
23 not liable for the debts or obligations of the  
24 regional coordinating council and a director, officer,  
25 employee, member, trustee, or volunteer is not  
26 personally liable for a claim based upon an act or  
27 omission of the person performed in the discharge of  
28 the person's duties, except for acts or omissions  
29 which involve intentional misconduct or known  
30 violation of the law, or for a transaction from which  
31 the person derives an improper personal benefit.

32 4. The regional coordinating councils shall do all  
33 of the following:

34 a. Adopt a multiyear regional business assistance  
35 work plan to guide the operation of the business  
36 outreach specialist in the delivery of programs and  
37 services to businesses in the region and provide  
38 annual updates. The work plan may include other  
39 activities specifically designed to meet the needs of  
40 businesses in the region. The regional coordinating  
41 council shall consult with service providers within  
42 the region in the preparation and adoption of the work  
43 plan and may contract with one or more service  
44 providers in its preparation. The work plan shall be  
45 submitted to the department and to the president of  
46 the community college or the president's designee for  
47 review and comment before the adoption of the work  
48 plan by the regional coordinating council. Before the  
49 release of any state funds by the department to the  
50 community college for operation of a regional business

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1 and industry outreach program, the work plan shall be  
2 approved by the department.

3 b. Evaluate and monitor the operation of the  
4 regional business and industry outreach program to  
5 implement the goals and objectives established in the  
6 work plan to deliver economic development programs and  
7 services to businesses in the region. The regional  
8 coordinating council shall report at least quarterly  
9 to the president of the community college or the  
10 president's designee and to the department of economic  
11 development on the operation of the program. The  
12 department shall review and consider the report prior  
13 to disbursing funds to the community college.

14 c. Cooperate with the department to promote local,  
15 regional, and statewide service delivery systems and  
16 to coordinate the delivery of economic development  
17 programs and services to businesses in the region.  
18 The regional coordinating council may recommend to the  
19 department of economic development plans to better  
20 coordinate the delivery of services in the region and  
21 to avoid duplication of services.

22 d. Elect annually a representative to serve on the  
23 advisory council established by the department to  
24 provide input on the review and update of the state's  
25 economic development strategic plan.

26 e. Conduct a biennial inventory of business  
27 assistance service providers to businesses within the  
28 region and provide information about available  
29 technical services to the department.

30 f. Meet at least quarterly with the board of  
31 directors or their designees of the community college,  
32 any councils of governments serving a substantial  
33 portion of the region, and representatives of any  
34 small business development center, incubator, area  
35 quality council, professional developers in the  
36 region, and the center for industrial research and  
37 service serving the region to share information,  
38 develop plans and programs, and coordinate the  
39 delivery of services within the region.

40 Sec. \_\_\_\_ . Section 15.307, Code 1991, is amended by  
41 striking the section and inserting in lieu thereof the  
42 following:

43 15.307 REGIONALLY BASED BUSINESS OUTREACH PROGRAM.

44 1. The director of the department of economic  
45 development is authorized to contract with each  
46 community college for employment of a business  
47 outreach specialist within a business services center  
48 to work with existing business within the region to  
49 determine company needs and provide access or referral  
50 to services, or if services are not readily accessible

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1 within the region, to coordinate with other service  
2 providers to determine how services should be accessed  
3 or provided. The contract shall include but is not  
4 limited to the following:

5 a. Procedures for development and adoption of a  
6 regional work plan by the regional coordinating  
7 council to be implemented by the community college to  
8 guide the activities of the business outreach  
9 specialist.

10 b. Criteria for employment and evaluation of the  
11 business outreach specialist to implement the  
12 provisions of the contract in the region. The  
13 contract shall include responsibilities and duties of  
14 the specialist and other personnel, wage and benefit  
15 provisions, and performance measures related to  
16 carrying out the provisions of the contract.

17 c. An annual budget for operation of the program  
18 and activities agreed to in the contract including  
19 provisions related to the transfer of funds to the  
20 community college or its designee, as agreed upon by  
21 the president of the community college and the  
22 director. The budget shall reflect the work plan of  
23 the regional coordinating council to implement the  
24 intent and purposes of the contract.

25 d. Performance measures for quarterly and annual  
26 evaluation of the program and activities agreed to in  
27 the contract.

28 2. The duties of the business outreach specialist  
29 shall include the activities listed in this section  
30 and may include other programs and activities agreed  
31 to in the contract. The business outreach specialist  
32 shall do all of the following:

33 a. Provide outreach and visitation to  
34 entrepreneurs and businesses, including data  
35 collection for the business database, needs  
36 identification, and information delivery.

37 b. Function as a clearinghouse and referral center  
38 for information on business assistance programs and  
39 services. The business outreach specialist shall  
40 serve as a liaison between businesses in the region,  
41 the department, and other business assistance service  
42 providers. The specialist shall provide follow-up on  
43 referrals.

44 c. Maintain ongoing communication with other  
45 business assistance service providers in the region  
46 and coordinate the delivery of programs and services  
47 between the service providers and businesses. The  
48 specialist shall cooperate with other service  
49 providers in the region and statewide to be part of a  
50 statewide network established by the department to

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Page 8

1 create and promote entrepreneurship, business  
2 retention, business development, and business  
3 expansion.

4 d. Assist the regional coordinating council in  
5 preparing and implementing the annual regional  
6 business assistance work plan and inventory of  
7 business assistance service providers.

8 e. Provide the regional link for the database and  
9 information systems of the department. In providing  
10 the regional link, the specialist shall do all of the  
11 following:

12 (1) Implement and utilize the department's  
13 databases to facilitate trade opportunities for  
14 businesses in the region, including updating  
15 information, and providing trade lead data.

16 (2) Provide information and referral to  
17 individuals and businesses about available programs  
18 and services.

19 (3) Provide other information and data concerning  
20 businesses in the region to the department or other  
21 sources.

22 f. Perform other related duties and  
23 responsibilities as agreed upon in the contract."

24 19. Page 22, by inserting after line 6, the  
25 following:

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27 by adding the following new subsection:

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29 authorized in section 28.166 regarding the  
30 manufacturing technology network and adopt rules  
31 pursuant to chapter 17A to implement the program.

32 Sec. \_\_\_\_\_. Section 28.158, subsection 1, Code 1991,  
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41 or to industrial sectors in this state.

42 2. To assist in the identification of  
43 opportunities for modernization and increased  
44 competitiveness of individual industry or industrial  
45 sectors.

46 3. To assure statewide access to industrial  
47 technology programs and services.

48 4. To provide specific programs for individual  
49 industry or industrial sectors by:

50 a. Developing partnerships and coordination

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1 between statewide and regional providers of services  
2 for modernization and increased competitiveness for  
3 Iowa industry.

4 b. Establishing an industrial contact outreach  
5 program to evaluate the need for technical services  
6 and implementing an industrial needs assessment  
7 database.

8 c. Collaborating with a network of specialized  
9 technology resource sites throughout the state.

10 5. To facilitate the transfer of university  
11 research that is available for commercial application  
12 to individual industry or industrial sectors.

13 Sec. \_\_\_\_ . NEW SECTION. 28.166 REGIONALLY BASED  
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17 employment of an industrial technology outreach  
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19 services center to work with individual industry or  
20 industrial sectors to determine company needs and  
21 provide technical assistance or referral to services,  
22 or to coordinate with other service providers to  
23 determine how services should be accessed or provided.  
24 The contract shall include but is not limited to the  
25 following:

26 a. The establishment of an industrial technology  
27 outreach program that will identify needs of  
28 individual industry or industrial sectors.

29 b. Criteria for assuring access to programs and  
30 services to assist individual industry or industrial  
31 sectors.

32 c. An annual budget for operation of the program  
33 and activities agreed to in the contract including  
34 provisions related to the transfer of funds to the  
35 community college, as agreed upon by the president of  
36 the community college and the executive director.

37 d. Performance measures for quarterly and annual  
38 evaluation of the program and activities agreed to in  
39 the contract. The foundation may withhold the  
40 disbursement of funds for failure to achieve criteria  
41 established in the contract.

42 e. The duties of the industrial technology  
43 outreach specialist.

44 2. The foundation may provide or contract for the  
45 delivery of technical services to individual industry  
46 or industrial sectors."

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48 following:

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Page 10

- 1 21. Page 24, line 31, by striking the word  
2 "association" and inserting the following:  
3 "administration".  
4 22. Page 26, by inserting after line 2, the  
5 following:  
6 "Sec. \_\_\_\_\_. All loan repayments under the rural  
7 community 2000 program shall be transferred to the  
8 Iowa finance authority housing improvement fund under  
9 section 220.100."  
10 23. Title page, line 4, by inserting after the  
11 word "technology" the following: ", the university of  
12 northern Iowa, replacing the Iowa economic development  
13 network with a regionally based business outreach  
14 program, establishing a manufacturing technology  
15 network under the Wallace technology transfer  
16 foundation, and providing for economic development  
17 planning and research activities by the department of  
18 economic development."  
19 24. By renumbering, relettering, or redesignating  
20 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-5890 FILED APRIL 13, 1992

*House referred to committee 4/14 (p. 1400)*  
*Senate inserted 4/15 (p. 1410)*



REPORT OF THE CONFERENCE COMMITTEE  
ON HOUSE FILE 2462

To the Speaker of the House of Representatives and the President of the Senate:

We, the undersigned members of the conference committee appointed to resolve the differences between the House of Representatives and the Senate on House File 2462, a bill for an Act appropriating funds to the department of economic development, the Iowa finance authority, the Wallace technology transfer foundation, INTERNET, state university of Iowa, and Iowa state university of science and technology and creating the strategic investment fund, respectfully make the following report:

1. That the Senate recedes from its amendment, H-5890.
2. That House File 2462, as amended, passed, and reprinted by the House, is amended to read as follows:
  1. By striking everything after the enacting clause and inserting the following:

"Section 1. There is appropriated from the general fund of the state to the department of economic development for the

fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATIVE SERVICES DIVISION

a. General administration

For salaries, support, maintenance, miscellaneous purposes, to implement total quality management, and for not more than the following full-time equivalent positions:

.....	\$	789,000
.....	FTEs	21.00

The department shall plan for and initiate a long-term process for the continuous improvement of the services provided to the citizens of Iowa using the principles of total quality management.

b. Information management center

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	361,000
.....	FTEs	6.50

c. Film office

For salaries, support, maintenance, miscellaneous purposes, for not more than the following full-time equivalent positions, and for utilizing \$20,000 or so much thereof as is necessary, to promote the film "Gentle Giants, Windows to our Heritage" regarding the impact of the Iowa draft horse in making Iowa the greatest food producing state in the world;

.....	\$	182,000
.....	FTEs	2.00

2. BUSINESS DEVELOPMENT DIVISION

a. Business development operations

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	2,550,000
-------	----	-----------

..... FTEs 15.00

b. Small business programs

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for the small business program, the small business advisory council, targeted small business program, and business incubators, of which \$46,424 shall be allocated for the administration of the targeted small business program and \$50,000 shall be used to fund, with local matching funds, a targeted small business incubator in each county with a population greater than two hundred fifty thousand:

..... \$ 323,000  
..... FTEs 5.50

c. Federal procurement office

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 96,953  
..... FTEs 3.00

Notwithstanding section 8.33, moneys remaining unencumbered or unobligated on June 30, 1993, shall not revert and shall be available for expenditure during the fiscal year beginning July 1, 1993, for the same purposes.

d. Strategic investment fund

For deposit in the strategic investment fund for salaries, support, and for not more than the following full-time equivalent positions:

..... \$ 4,100,733  
..... FTEs 10.00

Notwithstanding section 8.33, moneys in the strategic investment fund at the end of each fiscal year shall not revert to the general fund but shall remain in the strategic investment fund.

e. Small business investment company capitalization

For transfer to the treasurer of state for the purpose of

facilitating the organization and private capitalization of the small business investment company under sections 28.162 through 28.164. If the small business investment company for which the funds are to be used is not organized within eighteen months of the effective date of this Act, unused funds shall revert to the general fund of the state:

..... \$ 200,000

f. Insurance economic development

There is appropriated from moneys collected by the division of insurance in excess of the anticipated gross revenues under section 505.7, subsection 3, to the department for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for insurance economic development and international insurance economic development:

..... \$ 200,000

3. COMMUNITY AND RURAL DEVELOPMENT DIVISION

a. Community assistance

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for administration of the community economic preparedness program, the Iowa community betterment program, and the city development board:

..... \$ 500,000

..... FTEs 7.50

b. Main street/rural main street program

For salaries and support for not more than the following full-time equivalent positions:

..... \$ 353,386

..... FTEs 3.00

Notwithstanding section 8.33, moneys committed to grantees under contract from the general fund or through transfers from the Iowa community development loan fund that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract

during the succeeding fiscal year.

c. Rural development program

For allocating \$75,000 to the Adams community economic development corporation and for salaries, support, maintenance, miscellaneous purposes, for not more than the following full-time equivalent positions for rural resource coordination, rural community leadership, and the rural enterprise fund, out of which the department may set aside a portion of the moneys for one or more pilot efforts supporting cooperative agriculture-related or livestock production projects:

.....	\$	675,000
.....	FTEs	3.50

The department shall allocate \$75,000 to the Adams community economic development corporation for the purposes of evaluating the organizational structure of the county, the present workload of the county office functions, consolidation of county offices, and exploring state outreach services available for cross-training employees, and that the funds shall not be used by the department for any other purpose.

Notwithstanding section 8.33, moneys obligated or committed to grantees under contract from the general fund or through transfers from the Iowa community development loan fund that remain unexpended at the end of the fiscal year shall not revert but shall be available for expenditure for purposes of the contract during succeeding fiscal years.

d. Community development block grant and HOME

For administration and related federal housing and urban development grant administration for salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	375,397
.....	FTEs	18.75

e. Councils of governments

To provide to Iowa's councils of governments funds for planning and technical assistance funds to assist local

governments to develop community development strategies for addressing long-term and short-term community needs:

..... \$ 187,500

4. INTERNATIONAL DIVISION

a. International trade operations

For conducting foreign trade missions on behalf of Iowa businesses, salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 375,000

..... FTEs 6.00

b. Foreign trade offices

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 743,000

..... FTEs 6.00

c. Export trade assistance program

For export trade activities, including a program to encourage and increase participation in trade shows and trade missions by providing financial assistance to businesses for a percentage of their costs of participating in trade shows and trade missions, by providing for the lease/sublease of showcase space in existing world trade centers, by providing temporary office space for foreign buyers, international prospects, and potential reverse investors, and by providing other promotional and assistance activities, provided that the department shall consult with the department of agriculture and land stewardship prior to allocating export trade assistance program moneys, including salaries and support for not more than the following full-time equivalent positions:

..... \$ 334,000

..... FTEs .25

d. Agricultural product advisory council

For support, maintenance, and miscellaneous purposes:

..... \$ 1,400

5. TOURISM DIVISION

a. Tourism operations

For utilizing \$41,586, or so much thereof as may be necessary, to be used for the operation of the interstate welcome center system, salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions, provided that the appropriation shall not be used for advertising placements for in-state and out-of-state tourism marketing:

..... \$ 691,586

..... FTEs 17.77

b. Tourism advertising

For contracting exclusively for tourism advertising for in-state and out-of-state tourism marketing services, tourism promotion programs, electronic media, print media, and printed materials:

..... \$ 2,250,000

The department shall not use the moneys appropriated in this paragraph unless the department develops public-private partnerships with Iowa businesses in the tourism industry, Iowa tour groups, Iowa tourism organizations, and political subdivisions in this state to assist in the development of advertising efforts. The department shall, to the fullest extent possible, develop cooperative efforts for advertising with contributions from other sources.

c. Welcome center program

To implement the recommendations of the statewide long-range plan for developing and operating welcome centers throughout the state, for transferring \$30,000 to the city of West Branch for the purpose of conducting a study and for planning for the development of a welcome and historical center, and for a match of \$25,000 if the department uses \$125,000 of other moneys for a welcome center project based on the department's prioritization report, dated December 1991:

..... \$ 263,625

Notwithstanding section 8.33, pursuant to 1990 Iowa Acts, chapter 1255, section 37, subsection 1, as amended by 1991 Iowa Acts, chapter 260, section 1001, the department may use up to \$125,000 for a welcome center project based upon the department's prioritization report, dated December 1991.

Moneys used for welcome center projects based on the department's prioritization report require a dollar-for-dollar match. Moneys committed to grantees under contract that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

6. WORK FORCE DEVELOPMENT DIVISION

a. Youth work force programs

For purposes of the conservation corps, including salary, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 1,000,000  
..... FTEs 1.90

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

b. Job retraining program

To the community college job training fund created in section 280C.6, including salaries and support for not more than the following full-time equivalent positions:

..... \$ 932,831  
..... FTEs .60

c. Work force investment program

For purposes of the work force investment program, for a competitive grant program by the department in consultation with the state job training coordinating council for projects that increase Iowa's pool of available labor via training and



support services with priority given to projects which serve displaced homemakers or welfare recipients, including salaries and support for not more than the following full-time equivalent positions:

.....	\$	500,000
.....	FTEs	.90

The department shall ensure that the work force investment program is coordinated with services provided under the federal Job Training Partnership Act and that welfare recipients receive priority for services under both programs.

Notwithstanding section 8.33, moneys obligated or committed to grantees under contract that remain unexpended at the end of the fiscal year, shall not revert but shall be available for expenditure for purposes of the contract during succeeding fiscal years.

d. Labor management councils

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	195,745
.....	FTEs	1.00

The department shall not use moneys appropriated in this paragraph for grants to grantees who do not facilitate the active participation of labor as members of labor management councils or who fail to make a good faith effort to either schedule meetings during nonworking hours or obtain voluntary agreements with employers to allow employees time off to attend labor management council meetings with no loss of pay or other benefits.

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

7. For transfer to the Iowa product development corporation

fund established in section 28.89:

.....	\$	887,500
.....	FTEs	5.00

Sec. 2. Notwithstanding section 28.120, subsections 5, 6, and 7, and section 15.287, there is appropriated from the Iowa community development loan fund from the moneys available during the fiscal year beginning July 1, 1992, and ending June 30, 1993, to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, \$50,000, or so much thereof as is necessary, to be used for rural development financing; \$20,000 to be transferred to and used by the main street program; with the remainder of the Iowa community development loan fund to be transferred only to the rural development program to be used by the department for the purposes of the program, including pilot efforts supporting cooperative agriculture-related or livestock production projects.

Sec. 3. Notwithstanding section 15.251, subsection 2, there is appropriated from the job training fund created in the office of the treasurer of state to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For administration of chapter 280B, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	125,000
.....	FTEs	2.40

2. For the target alliance program:

.....	\$	30,000
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3. For allocation to the community colleges to supplement the coordination and instruction of apprentice related instruction, and instructional equipment for apprenticeship programs as provided in section 280A.44 on the basis of the percentage of total contact hours enrolled in apprenticeship

training at community colleges as of July 1, 1992, if funds remain in the job training fund after the appropriations in subsections 1 and 2 are made:

..... \$ 125,000

Sec. 4. There is appropriated from the community college job training fund created in section 280C.6, subsection 1, to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes for the administration of the Iowa small business new jobs training Act, and for not more than the following full-time equivalent positions:

..... \$ 38,954  
..... FTEs .70

Sec. 5. There is appropriated from the general fund of the state to the Iowa finance authority for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For deposit in the housing improvement fund created in section 220.100 for purposes of the fund:

..... \$ 1,573,550

Sec. 6. There is appropriated from the general fund of the state to the Wallace technology transfer foundation for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and other operational purposes, for providing a state match of \$50,000 for present and future federal funding for the subcontractor of an existing federal grant for beef fat content research administered through the United States department of agriculture and the cooperative state research service, for transfer of \$50,000 to

the department of natural resources for the approval of a grant to a waste paper recycling company located in Iowa which recycles waste paper into paperboard products, which grant shall be used to conduct a feasibility study for a new cogeneration plant to be located in Iowa, for approving and submitting to the governor and general assembly not later than January 15 an annual report relating to performance goals of and efforts by the foundation to improve the modernization of industrial facilities, for funding the small business innovation research program, for funding activities as provided in section 28.158, and for transferring \$75,000 of the funds appropriated in this subsection to the Iowa quality coalition for productivity enhancement projects:

.....	\$	2,900,000
.....	FTEs	6.00

Sec. 7. There is appropriated from the general fund of the state to INTERNET for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For deposit in the international network on trade fund created by the INTERNET board, provided that \$290,250 shall be allocated to the department of economic development for the Iowa international development foundation for the salaries and support for not more than 5.00 full-time equivalent positions for employees of the department of economic development, \$96,750 shall be allocated to the peace institute, and \$96,750 shall be allocated for the partner state program and the department may contract with private groups or organizations which are the most appropriate to administer this program, and the groups and organizations participating in the program shall, to the fullest extent possible, provide the funds to match the appropriation made in this section:

.....	\$	828,750
.....	FTEs	5.00

INTERNET shall use moneys appropriated in this section, unless otherwise specified, for the purposes set out in chapter 18B.

Of the full-time equivalent positions authorized for the Iowa international development foundation, 3.00 full-time equivalent positions shall be devoted to the agribusiness centers in Russia and the Ukraine and shall be effective upon enactment of this Act.

Sec. 8. There is appropriated from the general fund of the state to the Iowa state university of science and technology for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For funding the small business development centers:  
..... \$ 991,325

2. For funding the institute for physical research and technology provided that \$281,360 shall be allocated to the institute for physical research and technology industrial incentive program in accordance with the legislative intent of this section:  
..... \$ 3,281,360

It is the intent of the general assembly that the incentive program focus on Iowa industrial sectors and seek contributions and in-kind donations from businesses, industrial foundations, and trade associations and that moneys for the institute for physical research and technology industrial incentive program shall only be allocated for projects which are matched by private sector moneys for directed contract research or for nondirected research. The match required of small businesses as defined in section 15.102, subsection 4, for directed contract research or for nondirected research shall be \$1 for each \$3 of state funds. The match required for other businesses for directed contract research or for nondirected research shall be \$1 for each \$1 of state funds. The match required of industrial foundations or trade associations shall

be \$1 for each \$1 of state funds.

Iowa state university shall report annually to the joint economic development subcommittee of the Senate and House appropriations committees the total amounts of private contributions, the proportion of contributions from small businesses and other businesses, and the proportion for directed contract research and nondirected research of benefit to Iowa businesses and industrial sectors.

Notwithstanding section 8.33, moneys appropriated for any fiscal year which remain unobligated and unexpended at the end of the fiscal year shall not revert but shall be available for expenditure the following fiscal year and the appropriation for the incentive program for the following year shall be reduced by an equal amount.

Sec. 9. There is appropriated from the general fund of the state to the university of Iowa for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For funding the advanced drug development program at the Oakdale research park:

..... \$ 500,000

Sec. 10. Section 12.32, subsection 1, Code 1991, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. For the purposes of this division, "nontraditional crops" includes animals as defined by the department of agriculture and land stewardship pursuant to section 99D.22.

Sec. 11. Section 12.44, unnumbered paragraph 1, Code 1991, is amended to read as follows:

Agencies of state government shall be required to waive the requirement of satisfaction, or performance, surety, or bid bonds for targeted small businesses which are able to demonstrate the inability of securing such a bond because of a lack of experience, lack of net worth, or lack of capital.

This waiver shall not apply to businesses with a record of repeated failure of substantial performance or material breach of contract in prior circumstances. The waiver shall be applied only to a project or individual transaction amounting to fifty thousand dollars or less, notwithstanding section 573.2. In order to qualify, the targeted small business shall provide written evidence to the department of inspections and appeals that the bond would otherwise be denied the business. The granting of the waiver shall in no way relieve the business from its contractual obligations and shall not preclude the state agency from pursuing any remedies under law upon default or breach of contract.

Sec. 12. Section 15.108, Code Supplement 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 10. ECONOMIC DEVELOPMENT PLANNING AND RESEARCH ACTIVITIES. To provide leadership and support for economic and community development activities statewide. To carry out this responsibility, the department may establish a research center for economic development programs and services whose duties may include but are not limited to the following:

- a. Implementation of a comprehensive statewide economic development planning process and provision of leadership, coordination, and support to regional and local economic and community planning efforts.
- b. Coordination of the delivery of economic and community development programs with other local, regional, state, federal, and private sector programs and activities.
- c. Collection and analysis of data and information, development of databases and performing research to keep abreast of Iowa's present economic base, changing market demands, and emerging trends, including identification of targeted markets and development of marketing strategies.
- d. Provision of access to databases to facilitate sales and exports by Iowa businesses.
- e. Establishment of a database of community and economic

information to aid local regional and statewide economic development and service delivery efforts.

Sec. 13. Section 15.241, unnumbered paragraphs 1 and 2, Code 1991, are amended to read as follows:

~~The department shall establish, contingent upon the availability of funds authorized for the program, a~~ A "self-employment loan program, account" is established within the strategic investment fund created in section 15.313 to provide funding for the self-employment loan program which is to be conducted in coordination with the job training partnership program and other programs administered under section 15.108, subsection 6, paragraph "c". The department may contract with local community action agencies or other local entities in administering the program, and shall work with the department of employment services and the department of human services in developing the program.

The self-employment loan program shall administer a low-interest loan program to provide loans to low-income persons for the purpose of establishing or expanding small business ventures. The terms of the loans shall be determined by the department, but shall not be in excess of ~~five~~ ten thousand dollars to any single applicant or at a rate to exceed five percent simple interest per annum. ~~A self-employment loan program revolving loan fund shall be established within the department.~~ The department shall maintain records of all loans approved and the effectiveness of those loans in establishing or expanding small business ventures.

Sec. 14. Section 15.241, Code 1991, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Payments of interest, recaptures of awards, and repayments of moneys loaned under this program shall be deposited into the strategic investment fund.

Sec. 15. Section 15.247, subsections 2 and 3, Code 1991, are amended to read as follows:

2. ~~The department shall establish, contingent upon the~~



~~availability-of-funds-authorized-for-the-program,-a~~ A "targeted small business financial assistance program account" is established within the strategic investment fund created in section 15.313, to provide for loans, loan guarantees, revolving loans, loans secured by accounts receivable, or grants to targeted small businesses. A targeted small business in any year shall receive under this program not more than twenty-five thousand dollars in a loan or grant, and not more than forty thousand dollars in a guarantee, or a combination of loans, grants, or guarantees. The program shall provide guarantees not to exceed seventy-five percent for loans made by qualified lenders. The department shall establish a financial assistance reserve account from funds ~~provided-for-this~~ allocated to the program account, from which any default on a guaranteed loan under this section shall be paid. In administering the program the department shall not guarantee loan values in excess of the amount credited to the reserve account and only moneys set aside in the loan reserve account may be used for the payment of a default.

3. All moneys designated for the targeted small business financial assistance program shall be credited to the ~~financial assistance-reserve program~~ account. ~~The-department-shall-also establish-an-administrative-account-from-which-the-operating costs-of-the-program-shall-be-paid.--The-department-may transfer-moneys-between-the-reserve-and-the-administrative accounts-except-that-not-more-than-twenty-five-percent-of-the moneys-shall-be-used-to-administer-the-fund.~~ The department shall determine the actuarially sound reserve requirement for the amount of guaranteed loans outstanding.

Sec. 16. Section 15.247, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 6. Payments of interest, recaptures of awards, and repayments of moneys loaned under this program shall be deposited into the strategic investment fund.

Sec. 17. NEW SECTION. 15.311 STRATEGIC INVESTMENT FUND.

This part shall be known as the "Iowa Strategic Investment Fund" program.

Sec. 18. NEW SECTION. 15.312 PURPOSE.

The purpose of this part shall be to provide a mechanism for funding those programs listed in section 15.313, subsection 2, in order to more efficiently meet the needs identified within those individual programs.

Sec. 19. NEW SECTION. 15.313 STRATEGIC INVESTMENT FUND.

1. An Iowa strategic investment fund is created as a revolving fund consisting of any money appropriated by the general assembly for that purpose and any other moneys available to and obtained or accepted by the department from the federal government or private sources for placement in the fund. The fund shall also include all of the following:

a. All unencumbered and unobligated funds from the special community economic betterment program fund created under 1990 Iowa Acts, chapter 1262, section 1, subsection 18, remaining on June 30, 1992, all repayments of loans or other awards made under the community economic betterment account or under the community economic betterment program during any fiscal year beginning on or after July 1, 1985, and recaptures of awards.

b. All unencumbered and unobligated funds from the self-employment loan program, the targeted small business financial assistance program, the microenterprise development revolving fund, financing rural economic development or successor loan program, and the value-added agricultural products and processes financial assistance fund remaining on June 30, 1992, and all repayments of loans or other awards or recaptures of awards made under these programs.

Notwithstanding section 8.33, moneys in the strategic investment fund at the end of each fiscal year shall not revert to any other fund but shall remain in the strategic investment fund for expenditure for subsequent fiscal years.

2. The assets of the fund shall be used by the department for the following programs and purposes:

a. The community economic betterment program created in sections 15.315 through 15.320.

b. The value-added agricultural products and processes financial assistance program created in sections 28.111 and 28.112.

c. The business development finance corporation created in sections 28.131 through 28.149.

d. The self-employment loan program created in section 15.241.

e. The targeted small business financial assistance program created in section 15.247.

f. To provide comprehensive management assistance for applicants or recipients of assistance from programs supported by the fund.

g. If funds are available under a federal microloan demonstration program, a portion of the moneys in the strategic investment fund may be utilized to access those federal funds to expand the state's small business financial assistance programs including the self-employment loan program and the targeted small business financial assistance program.

3. The director shall submit annually at a regular or special meeting preceding the beginning of the fiscal year, for approval by the economic development board, the proposed allocation of funds from the strategic investment fund to be made for that fiscal year to the community economic betterment program, the value-added agricultural products and processes financial assistance program, the business development finance corporation, the self-employment loan program, and the targeted small business financial assistance program and for comprehensive management assistance. If funds are available under a federal microloan demonstration program, the director may recommend an allocation for that purpose. The plans may provide for increased or decreased allocations if the demand in a program indicates that the need exceeds the allocation for that program. The director shall report on a monthly basis to

the board on the status of the funds and may present proposed revisions for approval by the board in January and April of each year. Unobligated and unencumbered moneys remaining in the strategic investment fund or any of its accounts on June 30 of each year shall be considered part of the fund for purposes of the next year's allocation.

Sec. 20. NEW SECTION. 15.315 COMMUNITY ECONOMIC BETTERMENT PROGRAM.

This part shall be known as the "Community Economic Betterment Program."

Sec. 21. NEW SECTION. 15.316 PURPOSE.

The purpose of this program is to assist communities and rural areas of the state with their economic development efforts and to increase employment opportunities for Iowans by increasing the level of economic activity and development within the state.

Sec. 22. NEW SECTION. 15.317 PROGRAM.

1. The department shall establish a program to effectuate the purposes of this part by providing financial assistance for small business gap financing, new business opportunities, and new product and entrepreneurial development. These purposes may be accomplished by providing the following types of assistance:

- a. A principal buy-down program to reduce the principal of a business loan.
- b. An interest buy-down program to reduce the interest of a business loan.
- c. Loans or forgivable loans to aid in economic development.
- d. Loan guarantees for business loans made by commercial lenders.
- e. Equity-like investments.

2. Only a political subdivision of this state may apply to receive funds for any of the purposes specified in subsection 1. The political subdivision shall make application to the

department specifying the purpose for which the funds will be used.

3. The department shall not provide more than one million dollars for any project, unless approved by at least two-thirds of the members of the economic development board.

Sec. 23. NEW SECTION. 15.318 RATING FACTORS AND CRITERIA.

In ranking applications for funds, the department shall consider a variety of factors including, but not limited to, the following:

1. The proportion of local match to be provided.
2. The proportion of private contributions to be provided, including the involvement of financial institutions.
3. The total number of jobs to be created or retained.
4. The size of the business receiving assistance. The department shall award more points to small businesses as defined by the United States small business administration than to other businesses.
5. The potential for future growth in the industry represented by the business being considered for assistance.
6. The need of the business for financial assistance from governmental sources. The department shall award more points to a business for which the department determines that governmental assistance is most necessary to the success of a project, than to other businesses.
7. The quality of the jobs to be created. In rating the quality of the jobs the department shall award more points to those jobs that have a higher wage scale, have a lower turnover rate, are full-time or career-type positions, provide comprehensive health benefits, or have other related factors which could be considered to be higher in quality, than to other jobs. 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.

8. The level of need of the political subdivision.

9. The impact of the proposed project on the economy of the political subdivision.

10. 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.

11. The impact to the state of the proposed project. In measuring the economic impact the department shall award more points for projects which have greater consistency with the state strategic plan than other projects. Greater consistency may include any or all of the following:

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

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

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

d. A business with fewer in-state competitors.

e. A potential for future job growth.

f. A project which is not a retail operation.

12. If a 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.

13. If a business has, within three years of application

for assistance, acquired or merged with an Iowa corporation or company, whether the business has made a good faith effort to hire the workers of the acquired or merged company.

14. Whether a business provides for a preference for hiring residents of the state or of the economic development area, except for out-of-state employees offered a transfer to Iowa or to the economic development area.

15. Whether all known required environmental permits have been issued and regulations met before moneys are released.

Sec. 24. NEW SECTION. 15.319 MONITORING OF JOB CREATION AND RETENTION.

1. The department shall develop definitions for the terms "job creation" and "job retention" to measure and identify the actual number of permanent, full-time positions which businesses actually create or retain and which can be documented by comparison of the payroll reports during the twenty-four-month period after awards to the businesses are made.

2. The department shall document the actual job creation and retention effects of all businesses receiving financial assistance from the program in the context of the employer contribution and payroll reports filed by the businesses.

3. The department shall require businesses which receive assistance from the program to submit historical copies of the employer contributions and payroll reports with the application for funds, require businesses to submit the reports after an award is made on a timely basis, and require businesses to estimate the expected job creation and retention effects for the twelve-month and twenty-four-month periods after an award is made in terms of the number of employees and total wages as documented in the payroll reports.

Sec. 25. NEW SECTION. 15.320 COMMUNITY ECONOMIC BETTERMENT PROGRAM ACCOUNT.

1. A community economic betterment program account is established within the strategic investment fund to be used by

the department for the community economic betterment program. The account shall consist of all appropriations, grants, or gifts received by the department specifically for use under this part and any moneys allocated to the community economic betterment program account from the strategic investment fund.

2. Payments of interest, repayments of moneys loaned under the community economic betterment program, or recaptures of awards shall be deposited into the strategic investment fund.

Sec. 26. Section 28.111, subsection 3, unnumbered paragraph 1, Code 1991, is amended to read as follows:

The department of economic development may grant financial or technical assistance to a person eligible to receive assistance under this section, upon review and evaluation of the person's application by the agricultural products advisory council as established in section 15.203. ~~The council shall make recommendations to approve or disapprove an application to the department.~~ The department shall consider the recommendations council's evaluation in granting or denying assistance. The department shall not approve an application for assistance under this section to refinance an existing loan, or to finance traditional agricultural operations. An application is eligible for consideration if the application seeks assistance for any of the following purposes:

Sec. 27. Section 28.112, Code Supplement 1991, is amended to read as follows:

28.112 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES FINANCIAL ASSISTANCE FUND ACCOUNT.

1. ~~The department may establish a~~ A value-added agricultural products and processes financial assistance fund account is established within the strategic investment fund created in section 15.313. ~~The fund account shall be a revolving fund composed~~ consist of any money appropriated by the general assembly for that purpose, moneys allocated to the account from the strategic investment fund, and any other moneys available to and obtained or accepted by the department



from the federal government or private sources for placement in the fund account. Except as otherwise provided in subsection 2, the assets of the fund account shall be used by the department only for carrying out the purposes of section 28.111.

2. The department may use moneys in the fund account to do any of the following:

a. Contract, sue and be sued, and adopt administrative rules necessary to carry out the provisions of this section and section 28.111, but the department shall not in any manner directly or indirectly pledge the credit of the state.

b. Authorize payment from the fund account for costs, commissions, attorney fees, and other reasonable expenses related to and necessary for insuring or guaranteeing loans under section 28.111, and for the recovery of loan moneys insured or guaranteed or the management of property acquired in connection with such loans.

3. ~~Section 8-33 shall not apply to moneys in the fund.~~ Payments of interest, recaptures of awards, or repayments of moneys loaned under the value-added agricultural products and processes financial assistance program shall be deposited into the strategic investment fund.

Sec. 28. Section 28.148, Code 1991, is amended to read as follows:

28.148 STATE ASSISTANCE FUND.

There is created in the treasurer of state's office a "business development finance corporation assistance fund". The fund shall consist of all appropriations, grants, or gifts received by the treasurer specifically for assistance under this division and moneys allocated from the strategic investment fund created in section 15.313. Moneys in this fund are appropriated to the corporation for the purposes stated in this division. Moneys allocated to this fund for purposes of the capital access program and repayments of moneys or recaptures of awards from the capital access program which

remain unobligated at the end of a fiscal year may be returned to the strategic investment fund upon approval of the board of directors of the business development finance corporation.

Sec. 29. Section 28.156, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 6. Carry out the duties specified in section 28.166 regarding the manufacturing technology program and adopt rules pursuant to chapter 17A for the monitoring and enforcement of contracts awarded to community colleges to carry out the purposes of the program. The foundation may withhold the disbursement of funds for failure to comply with the elements required to be included in the contracts.

Sec. 30. Section 28.158, subsection 1, Code 1991, is amended by adding the following new paragraph:

NEW PARAGRAPH. g. For the manufacturing technology program.

Sec. 31. NEW SECTION. 28.162 IOWA BUSINESS INVESTMENT CORPORATION -- PURPOSE.

1. The purpose of this section is to provide for the incorporation under chapter 504A of a nonprofit corporation to organize, capitalize, and fund an Iowa-based small business investment company which shall have the purpose of increasing the availability of funds for investment in and loans to Iowa small businesses on a regional basis. The small business investment company shall be incorporated under the Iowa law.

2. In addition to the powers granted under chapter 504A, the corporation shall have the power to invest in the small business investment company and to serve as guarantor of the preferred stock of the small business investment company.

In exchange for the guaranty, the corporation shall receive warrants for a percentage of the preferred stock of the small business investment company. The guaranty shall expire ten years after the guaranty agreement is entered into. The corporation shall only be liable as guarantor in the event that capital replenishment becomes necessary due to federal small

business administration requirements or in the event of a capital loss upon liquidation of the small business investment company.

Sec. 32. NEW SECTION. 28.163 BOARD OF DIRECTORS OF CORPORATION.

1. The powers of the corporation are vested in and shall be exercised by the board of directors. The directors shall serve a term of three years. Each term shall begin and end as provided in section 69.19. No more than a simple majority of the members of the board shall belong to the same political party as provided in section 69.16.

2. The board shall consist of three members appointed as follows:

a. One member appointed by the governor or the governor's designee.

b. One member shall be the treasurer of state or the treasurer's designee.

c. One member shall be a private citizen appointed by the legislative council. This member shall be well qualified and shall have at least five years of experience in a responsible position in a business involved in investing in business concerns.

3. The board shall annually elect one member as chairperson and one member as secretary. The board may elect other officers of the corporation as necessary.

4. Each director of the corporation shall take an oath of office which shall be filed in the office of the secretary of state.

Sec. 33. NEW SECTION. 28.164 SMALL BUSINESS INVESTMENT COMPANY.

1. The small business investment company organized pursuant to section 28.162 and this section may make investments in the common and preferred stock of and may make loans to or purchase the debt obligations of Iowa small businesses which are unable to raise equity capital or obtain financing from conventional

sources. The criteria for investment in or loans to Iowa small businesses by the small business investment company shall include geographic distribution, economic diversity, potential for job creation and retention, and potential for long-term success.

2. The small business investment company shall comply with the small business investment company licensing requirements of the federal small business administration.

3. The capital of the small business investment company shall consist of shares sold on a regional basis to banks, insurance companies, finance companies, savings institutions, other corporations, limited liability companies, partnerships, and individuals. For the purposes of section 28.162 the shares acquired by each investor shall be divided equally between common and preferred shares.

4. Applications to the small business investment company for investments and loans shall originate within the regions set out in section 28H.1. For the purposes of this section, Boone, Dallas, Jasper, Marion, Polk, Story, and Warren counties shall constitute a region.

5. The operations of the small business investment company shall be conducted by a private manager contracted for by the board of directors of the company on the basis of the manager's expertise and record in the making or procuring of investments in and loans to small businesses. The small business investment company shall be operated in accordance with federal small business administration regulations.

6. The board of directors of the small business investment company shall consist of not less than seventeen nor more than twenty-one persons who shall be elected by the private shareholders from each of the seventeen regions set out in subsection 4.

7. To qualify for the guaranty under section 28.162, the small business investment company shall satisfy the conditions set out in this section and those of the federal small business

administration, provided that federal small business administration requirements shall take precedence over the requirements of this section.

Sec. 34. NEW SECTION. 28.165 PURPOSE -- INTENT.

The purposes of the manufacturing technology program are:

1. To create and stimulate economic opportunity by providing technical assistance to individual industry or to industrial sectors in this state.
2. To assist in the identification of opportunities for modernization and increased competitiveness of individual business or industry or industrial sectors.
3. To assist individual business and industry or industrial sectors to integrate state-of-the-art technologies and processes.
4. To provide specific programs for individual industry or industrial sectors by:
  - a. Developing partnerships and coordination between statewide and regional providers of services for modernization and increased competitiveness for Iowa industry.
  - b. Establishing an industrial contact outreach program to evaluate the need for technical services and implementing an industrial needs assessment database.
  - c. Collaborating with a network of specialized technology resource sites throughout the state.
5. To facilitate the transfer of university research that is available for commercial application to individual industry or industrial sectors.
6. To provide technical assistance to existing individual industry or industrial sectors or nonmanufacturing business regarding available technological and management innovations to improve products, processes, and management systems, including implementation of total quality management methods.

Sec. 35. NEW SECTION. 28.166 REGIONALLY BASED MANUFACTURING TECHNOLOGY PROGRAM.

1. Contingent on the availability of funding from sources

other than the general fund of the state or other state funds, the executive director of the foundation shall contract with six or more community colleges for employment of an industrial technology outreach specialist to work with individual industry or industrial sectors to determine company needs and provide technical assistance or referral to services, or to coordinate with other service providers to determine how services should be accessed or provided. However, if the foundation does not receive funding from other sources, the executive director shall contract with at least four community colleges. The contract shall include but is not limited to the following:

a. The establishment of an industrial technology outreach program that will identify needs of individual industry or industrial sectors.

b. Criteria for assuring access to programs and services to assist individual industry or industrial sectors.

c. An annual budget for operation of the program and activities agreed to in the contract including provisions related to the transfer of funds to the community college, as agreed upon by the president of the community college and the executive director.

d. Performance measures for quarterly and annual evaluation of the program and activities agreed to in the contract. The foundation may withhold the disbursement of funds for failure to achieve criteria established in the contract.

e. The duties of the industrial technology outreach specialist.

f. The provision of technical assistance to existing individual industry or industrial sectors or nonmanufacturing business regarding available technological and management innovations to improve products, processes, and management systems, including implementation of total quality management methods.

2. The foundation may provide or contract for the delivery of technical services to individual industry or industrial

sectors.

3. The executive director of the foundation shall issue requests for proposals to the community colleges and shall select the best proposals after considering, among other factors, the geographic distribution of the provision of the program services to areas of the state which do not serve a city with a population over twenty thousand, the number of small and medium-sized industries within the community college district, and the level of community college interaction with those industries. Community colleges in contiguous regions may submit a joint proposal.

Sec. 36. Section 29C.9, subsections 7 and 8, Code 1991, as amended by 1992 Iowa Acts, Senate File 390, section 10, are amended to read as follows:

7. The commission shall delegate to the emergency management coordinator the authority to fulfill the commission duties as described in the division's administrative rules. Each commission shall appoint a county emergency management coordinator who shall meet the qualifications specified in the administrative rules by the administrator of the emergency management division. However, in counties having a population of twenty-five thousand or less, an emergency management coordinator is not required to meet the qualifications specified by the administrator of the emergency management division. Additional emergency management personnel may be appointed at the discretion of the commission.

8. The commission shall develop, adopt, and submit for approval by local governments within the county, a comprehensive county-wide emergency operations plan which meets standards adopted by the division in accordance with chapter 17A. If an approved comprehensive county-wide emergency operations plan has not been prepared according to established standards and the administrator of the emergency management division finds that satisfactory progress is not being made toward the completion of the plan, or if the administrator

finds that a local emergency management commission has failed to appoint a qualified emergency management coordinator as provided in this chapter, the administrator shall notify the governing bodies of the counties and cities affected by the failure and the governing bodies shall not appropriate any moneys to the local emergency management fund until the disaster plan is prepared and approved or a qualified emergency management coordinator is appointed. If the administrator finds that a city or a county has appointed an unqualified emergency management coordinator, the administrator shall notify the governing body of the city or county citing the qualifications which are not met and the governing body shall not approve the payment of the salary or expenses of the unqualified emergency management coordinator. However, in counties having a population of twenty-five thousand or less, funding sanctions in this subsection based solely on the qualifications of an emergency management coordinator do not apply.

Sec. 37. Section 73.18, Code Supplement 1991, is amended to read as follows:

73.18 NOTICE OF SOLICITATION FOR BIDS -- IDENTIFICATION OF TARGETED SMALL BUSINESSES.

The director of each agency or department, the administrator of each area education agency, the president of each community college, and the superintendent of each school district releasing a solicitation for bids or request for proposal under the targeted small business procurement goal program shall notify-the-director-of-the-department-of-economic-development consult a directory of certified targeted small businesses produced by the department of economic development that lists all certified targeted small businesses by category of goods or services provided prior to or upon release of the solicitation and shall send a copy of the request for proposal or solicitation to any appropriate targeted small business listed in the directory. The Iowa department of economic development



may charge the department, agency, area education agency, community college, or school district a reasonable fee to cover the cost of producing, distributing, and updating the directory. ~~A community college, area education agency, or school district shall notify the department of education which shall notify the department of economic development prior to or upon release of the solicitation. The director of the department of economic development shall notify the soliciting agency or department, or community college, area education agency, or school district, of any targeted small businesses which have been certified pursuant to section 10A.104, subsection 8, and which may be qualified to bid.~~

Sec. 38. Section 99E.31, subsection 2, Code 1991, is amended by striking the subsection.

Sec. 39. Section 99E.32, subsection 2, Code Supplement 1991, is amended by striking the subsection.

Sec. 40. Section 280B.6, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 7. Notwithstanding any other provision of this chapter to the contrary, a community college may use funds available from the retirement of certificates for the purposes of sections 280A.44 and 280A.46 and for economic development purposes. The funds may be used for these purposes for a period of five years following the date a certificate is retired.

Sec. 41. NEW SECTION. 307.41 MAINTENANCE FACILITIES.

The department shall maintain maintenance facilities within the boundaries of every county with a population in excess of eight thousand persons in which the department maintains a maintenance facility as of January 1, 1988.

Sec. 42. Section 321.19, subsection 2, unnumbered paragraph 2, Code 1991, is amended to read as follows:

~~Any person, firm, corporation, or company operating an urban transit system shall pay to the county treasurer annually as a registration fee for each bus, car, or vehicle used in the~~

~~transportation-of-passengers, five dollars, which shall be paid into the city general fund. Any urban transit company operated by a municipality is not required to pay such registration fees.~~ The department, in accordance with subsection 1, shall furnish distinguishing plates for vehicles used by urban transit companies operated by a municipality. No other provision of law providing for the payment of taxes, registration, or license fees for vehicles shall be applicable to any bus, car, or vehicle for the transportation of passengers owned and operated by any urban transit company.

Sec. 43. Section 321.22, subsection 4, Code 1991, is amended by striking the subsection.

Sec. 44. Section 368.7, unnumbered paragraphs 2 and 3, as amended by 1992 Iowa Acts, Senate File 2290, section 2, is amended to read as follows:

An application for annexation of territory not within an urbanized area must be approved by resolution of the council which receives the application. In the discretion of a city council, the resolution may include a provision for a transition for the imposition of taxes as provided in section 368.11, subsection 13. Upon receiving approval of the council, the city clerk shall file a copy of the resolution, map, and legal description of the territory involved with the state department of transportation. The city clerk shall also file a copy of the map and resolution with the county recorder and secretary of state. The secretary of state shall not accept and acknowledge a copy of a map and resolution of annexation which would create an island, however, the applicant shall be given an opportunity to amend or correct its application to eliminate any island. The annexation is completed upon acknowledgment by the secretary of state that the secretary of state has received the map and resolution.

An application for annexation of territory within an urbanized area must be approved both by resolution of the council which receives the application and by the board. The

board shall not approve an application which creates an island. If the board, committee, or secretary of state determines that granting an application or petition would create an island, or that the application or petition is in violation of a requirement of this chapter, the applicant or petitioner shall be given reasonable opportunity, after notice thereof from the board, committee, or secretary of state, to amend or otherwise correct such application or petition. Notice of the application shall be mailed by certified mail, by the city to which the annexation is directed, at least ten days prior to any action by the city council on the application to the council of each city whose boundary adjoins the territory or is within two miles of the territory, to the board of supervisors of each county which contains a portion of the territory, and to the regional planning authority of the territory. Notice of the application shall be published in an official county newspaper in each affected county at least ten days prior to any action by the city council on the application. In the discretion of a city council, the resolution may include a provision for a transition for the imposition of taxes as provided in section 368.11, subsection 13. The annexation is completed when the board has filed copies of applicable portions of the proceedings as required by section 368.20, subsection 2.

Sec. 45. Section 455B.310, subsection 2, paragraph b, subparagraph (1), Code Supplement 1991, is amended to read as follows:

(1) Ten cents per ton per year is appropriated to the department of natural resources to establish a program to provide competitive grants to regional coordinating councils for projects in regional economic development centers related to a by-products and waste exchange system. Grantees under this program shall coordinate activities with other available state or multistate waste exchanges, including but not limited to the by-products and waste search service at the university

of northern Iowa. The department shall consult with the department of economic development and the waste reduction center at the university of northern Iowa in establishing criteria for and the awarding of grants under this program. The department of natural resources shall expend not more than thirty thousand dollars of the moneys appropriated under this subparagraph to contract with the by-products and waste search service at the university of northern Iowa to provide training and other technical services to grantees under the program. If regional economic development centers cease to exist, the department shall transfer existing contracts to one or more community colleges or councils of governments and shall revise the criteria and rules for this program to allow community colleges or councils of governments or-regional-planning councils to be applicants for competitive grants.

Sec. 46. Section 455D.16, Code 1991, is amended to read as follows:

455D.16 PACKAGING PRODUCTS -- RECYCLING -- PROHIBITION OF POLYSTYRENE PRODUCTS.

The department, in cooperation with businesses involved in the manufacturing and use of packaging products or food service items, shall establish a recycling program to increase the recycling of packaging products or food service items by twenty-five percent by ~~January 1, 1992~~ July 1, 1993, and by fifty percent by ~~January 1, 1993~~ July 1, 1994. If the recycling goals are not reached, beginning January 1, ~~1994~~ 1995, a person shall not manufacture, offer for sale, sell, or use any polystyrene packaging products or food service items in this state.

Sec. 47. Section 490.1422, subsection 1, unnumbered paragraph 1, Code 1991, is amended to read as follows:

A corporation administratively dissolved under section 490.1421 may apply to the secretary of state for reinstatement within two ten years after the effective date of dissolution. The application must meet all of the following requirements:

Sec. 48. Section 508.10, unnumbered paragraph 2, Code 1991, is amended to read as follows:

An alien insurer, with the approval of the commissioner, may be treated as a domestic insurer of this state in whole or in part, and if so approved is deemed to be organized under the laws of this state and is an Iowa domestic insurer as provided by rules adopted by the commissioner. The approval of the commissioner may be based upon such factors as:

Sec. 49. NEW SECTION. 634.7 PUBLIC GRANTS BY PRIVATE FOUNDATIONS OR TRUSTS.

A grant, by a trust organized and funded prior to January 1, 1992, to which this chapter applies, to the state of Iowa, or a political subdivision, or agency of the state or political subdivision, for purposes of economic development, shall be regarded as a charitable contribution if made prior to January 1, 1994.

Sec. 50. Notwithstanding the provision in section 15.313 granting the director of the department of economic development discretion in the allocation of the moneys to the various accounts in the strategic investment fund, for the fiscal year beginning July 1, 1992, a minimum of \$500,000 shall be allocated to the targeted small business financial assistance program account and a minimum of \$220,000 shall be allocated to the self-employment loan program account.

Sec. 51. All loan repayments under the rural community 2000 program shall be transferred to the Iowa finance authority housing improvement fund under section 220.100.

Sec. 52. Sections 15.301, through 15.307, Code 1991, are repealed."

2. Title page, line 4, by striking the words "technology and" and inserting the following: "technology,".

3. Title page, line 5, by inserting after the word "fund" the following: ", replacing the Iowa economic development network with a manufacturing technology program under the Wallace technology transfer foundation, providing for economic

development planning and research activities by the department of economic development, and making related and other statutory changes".

ON THE PART OF THE HOUSE:

ON THE PART OF THE SENATE:

\_\_\_\_\_  
PHILIP WISE, Chairperson

\_\_\_\_\_  
JIM RIORDAN, Chairperson

\_\_\_\_\_  
ROBERT DVORSKY

\_\_\_\_\_  
ALLEN BORLAUG

\_\_\_\_\_  
DONALD E. HANSON

\_\_\_\_\_  
BILL HUTCHINS

\_\_\_\_\_  
WILLIAM HARBOR

\_\_\_\_\_  
MARY E. KRAMER

\_\_\_\_\_  
CHARLES N. PONCY

\_\_\_\_\_  
RICHARD RUNNING

*Adopted (p. 2114)*

*Motion to reconsider, adopted (p. 2119)*

*Failed (p. 2119)*

REPORT OF THE SECOND CONFERENCE COMMITTEE  
ON HOUSE FILE 2462

To the Speaker of the House of Representatives and the  
President of the Senate:

We, the undersigned members of the second conference  
committee appointed to resolve the differences between the  
House of Representatives and the Senate on House File 2462, a  
bill for an Act appropriating funds to the department of  
economic development, the Iowa finance authority, the Wallace  
technology transfer foundation, INTERNET, state university of  
Iowa, and Iowa state university of science and technology and  
creating the strategic investment fund, respectfully make the  
following report:

1. That the Senate recedes from its amendment, H-5890.
2. That House File 2462, as amended, passed, and reprinted  
by the House, is amended to read as follows:

1. By striking everything after the enacting clause and inserting the following:

"Section 1. There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATIVE SERVICES DIVISION

a. General administration

For salaries, support, maintenance, miscellaneous purposes, to implement total quality management, and for not more than the following full-time equivalent positions:

.....	\$	789,000
.....	FTEs	21.00

The department shall plan for and initiate a long-term process for the continuous improvement of the services provided to the citizens of Iowa using the principles of total quality management.

b. Information management center

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	361,000
.....	FTEs	6.50

c. Film office

For salaries, support, maintenance, miscellaneous purposes, for not more than the following full-time equivalent positions, and for utilizing \$20,000 or so much thereof as is necessary, to promote the film "Gentle Giants, Windows to our Heritage" regarding the impact of the Iowa draft horse in making Iowa the greatest food producing state in the world:

.....	\$	182,000
.....	FTEs	2.00

2. BUSINESS DEVELOPMENT DIVISION

a. Business development operations



For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	2,525,000
.....	FTEs	15.00

b. Small business programs

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for the small business program, the small business advisory council, targeted small business program, and business incubators, of which \$46,424 shall be allocated for the administration of the targeted small business program and \$50,000 shall be used to fund, with local matching funds, a targeted small business incubator in each county with a population greater than two hundred fifty thousand:

.....	\$	323,000
.....	FTEs	5.50

c. Federal procurement office

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	96,953
.....	FTEs	3.00

Notwithstanding section 8.33, moneys remaining unencumbered or unobligated on June 30, 1993, shall not revert and shall be available for expenditure during the fiscal year beginning July 1, 1993, for the same purposes.

d. Strategic investment fund

For deposit in the strategic investment fund for salaries, support, and for not more than the following full-time equivalent positions:

.....	\$	4,075,733
.....	FTEs	10.00

Notwithstanding section 8.33, moneys in the strategic investment fund at the end of each fiscal year shall not revert

to the general fund but shall remain in the strategic investment fund.

e. Small business investment company capitalization

For transfer to the treasurer of state for the purpose of facilitating the organization and private capitalization of the small business investment company under sections 28.162 through 28.164. If the small business investment company for which the funds are to be used is not organized within eighteen months of the effective date of this Act, unused funds shall revert to the general fund of the state:

..... \$ 200,000

f. Insurance economic development

There is appropriated from moneys collected by the division of insurance in excess of the anticipated gross revenues under section 505.7, subsection 3, to the department for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for insurance economic development and international insurance economic development:

..... \$ 200,000

3. COMMUNITY AND RURAL DEVELOPMENT DIVISION

a. Community assistance

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for administration of the community economic preparedness program, the Iowa community betterment program, and the city development board:

..... \$ 500,000

..... FTEs 7.50

b. Main street/rural main street program

For salaries and support for not more than the following full-time equivalent positions:

..... \$ 353,386

..... FTEs 3.00

Notwithstanding section 8.33, moneys committed to grantees

under contract from the general fund or through transfers from the Iowa community development loan fund that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

c. Rural development program

For allocating \$75,000 to the Adams community economic development corporation and for salaries, support, maintenance, miscellaneous purposes, for not more than the following full-time equivalent positions for rural resource coordination, rural community leadership, and the rural enterprise fund, out of which the department may set aside a portion of the moneys for one or more pilot efforts supporting cooperative agriculture-related or livestock production projects:

.....	\$	675,000
.....	FTEs	3.50

The department shall allocate \$75,000 to the Adams community economic development corporation for the purposes of evaluating the organizational structure of the county, the present workload of the county office functions, consolidation of county offices, and exploring state outreach services available for cross-training employees, and that the funds shall not be used by the department for any other purpose.

Notwithstanding section 8.33, moneys obligated or committed to grantees under contract from the general fund or through transfers from the Iowa community development loan fund that remain unexpended at the end of the fiscal year shall not revert but shall be available for expenditure for purposes of the contract during succeeding fiscal years.

d. Community development block grant and HOME

For administration and related federal housing and urban development grant administration for salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	375,397
-------	----	---------

..... FTEs 18.75

e. Councils of governments

To provide to Iowa's councils of governments funds for planning and technical assistance funds to assist local governments to develop community development strategies for addressing long-term and short-term community needs:

..... \$ 187,500

4. INTERNATIONAL DIVISION

a. International trade operations

For conducting foreign trade missions on behalf of Iowa businesses, salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 375,000

..... FTEs 6.00

b. Foreign trade offices

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 743,000

..... FTEs 6.00

c. Export trade assistance program

For export trade activities, including a program to encourage and increase participation in trade shows and trade missions by providing financial assistance to businesses for a percentage of their costs of participating in trade shows and trade missions, by providing for the lease/sublease of showcase space in existing world trade centers, by providing temporary office space for foreign buyers, international prospects, and potential reverse investors, and by providing other promotional and assistance activities, provided that the department shall consult with the department of agriculture and land stewardship prior to allocating export trade assistance program moneys, including salaries and support for not more than the following full-time equivalent positions:

..... \$ 334,000

..... FTEs .25

d. Agricultural product advisory council

For support, maintenance, and miscellaneous purposes:

..... \$ 1,400

5. TOURISM DIVISION

a. Tourism operations

For utilizing \$41,586, or so much thereof as may be necessary, to be used for the operation of the interstate welcome center system, salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions, provided that the appropriation shall not be used for advertising placements for in-state and out-of-state tourism marketing:

..... \$ 691,586

..... FTEs 17.77

b. Tourism advertising

For contracting exclusively for tourism advertising for in-state and out-of-state tourism marketing services, tourism promotion programs, electronic media, print media, and printed materials:

..... \$ 2,250,000

The department shall not use the moneys appropriated in this paragraph unless the department develops public-private partnerships with Iowa businesses in the tourism industry, Iowa tour groups, Iowa tourism organizations, and political subdivisions in this state to assist in the development of advertising efforts. The department shall, to the fullest extent possible, develop cooperative efforts for advertising with contributions from other sources.

c. Welcome center program

To implement the recommendations of the statewide long-range plan for developing and operating welcome centers throughout the state, for transferring \$30,000 to the city of West Branch for the purpose of conducting a study and for planning for the

development of a welcome and historical center, and for a match of \$25,000 if the department uses \$125,000 of other moneys for a welcome center project based on the department's prioritization report, dated December 1991:

..... \$ 263,625

Notwithstanding section 8.33, pursuant to 1990 Iowa Acts, chapter 1255, section 37, subsection 1, as amended by 1991 Iowa Acts, chapter 260, section 1001, the department may use up to \$125,000 for a welcome center project based upon the department's prioritization report, dated December 1991.

Moneys used for welcome center projects based on the department's prioritization report require a dollar-for-dollar match. Moneys committed to grantees under contract that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

6. WORK FORCE DEVELOPMENT DIVISION

a. Youth work force programs

For purposes of the conservation corps, including salary, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 1,000,000  
 ..... FTEs 1.90

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

b. Job retraining program

To the community college job training fund created in section 280C.6, including salaries and support for not more than the following full-time equivalent positions:

..... \$ 932,831  
 ..... FTEs .60

c. Work force investment program

For purposes of the work force investment program, for a competitive grant program by the department in consultation with the state job training coordinating council for projects that increase Iowa's pool of available labor via training and support services with priority given to projects which serve displaced homemakers or welfare recipients, including salaries and support for not more than the following full-time equivalent positions:

.....	\$	500,000
.....	FTEs	.90

The department shall ensure that the work force investment program is coordinated with services provided under the federal Job Training Partnership Act and that welfare recipients receive priority for services under both programs.

Notwithstanding section 8.33, moneys obligated or committed to grantees under contract that remain unexpended at the end of the fiscal year, shall not revert but shall be available for expenditure for purposes of the contract during succeeding fiscal years.

d. Labor management councils

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	195,745
.....	FTEs	1.00

The department shall not use moneys appropriated in this paragraph for grants to grantees who do not facilitate the active participation of labor as members of labor management councils or who fail to make a good faith effort to either schedule meetings during nonworking hours or obtain voluntary agreements with employers to allow employees time off to attend labor management council meetings with no loss of pay or other benefits.

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended on June 30 of any fiscal

year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

7. For transfer to the Iowa product development corporation fund established in section 28.89:

.....	\$	887,500
.....	FTEs	5.00

Sec. 2. Notwithstanding section 28.120, subsections 5, 6, and 7, and section 15.287, there is appropriated from the Iowa community development loan fund from the moneys available during the fiscal year beginning July 1, 1992, and ending June 30, 1993, to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, \$50,000, or so much thereof as is necessary, to be used for rural development financing; \$20,000 to be transferred to and used by the main street program; with the remainder of the Iowa community development loan fund to be transferred only to the rural development program to be used by the department for the purposes of the program, including pilot efforts supporting cooperative agriculture-related or livestock production projects.

Sec. 3. Notwithstanding section 15.251, subsection 2, there is appropriated from the job training fund created in the office of the treasurer of state to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For administration of chapter 280B, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	125,000
.....	FTEs	2.40

2. For the target alliance program:

.....	\$	30,000
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3. For allocation to the community colleges to supplement



the coordination and instruction of apprentice related instruction, and instructional equipment for apprenticeship programs as provided in section 280A.44 on the basis of the percentage of total contact hours enrolled in apprenticeship training at community colleges as of July 1, 1992, if funds remain in the job training fund after the appropriations in subsections 1 and 2 are made:

..... \$ 125,000

Sec. 4. There is appropriated from the community college job training fund created in section 280C.6, subsection 1, to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes for the administration of the Iowa small business new jobs training Act, and for not more than the following full-time equivalent positions:

..... \$ 38,954  
 ..... FTEs .70

Sec. 5. There is appropriated from the general fund of the state to the Iowa finance authority for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For deposit in the housing improvement fund created in section 220.100 for purposes of the fund:

..... \$ 1,623,550

Sec. 6. There is appropriated from the general fund of the state to the Wallace technology transfer foundation for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and other operational purposes, for providing a state match of \$50,000 for present

and future federal funding for the subcontractor of an existing federal grant for beef fat content research administered through the United States department of agriculture and the cooperative state research service, for approving and submitting to the governor and general assembly not later than January 15 an annual report relating to performance goals of and efforts by the foundation to improve the modernization of industrial facilities, for funding the small business innovation research program, for funding activities as provided in section 28.158, and for transferring \$75,000 of the funds appropriated in this subsection to the Iowa quality coalition for productivity enhancement projects:

.....	\$	2,900,000
.....	FTEs	6.00

The foundation shall transfer \$50,000 to the department of natural resources for the approval of a grant to a waste paper recycling company located in Iowa which recycles waste paper into paperboard products, which grant shall be used to conduct a feasibility study for a new cogeneration plant to be located in Iowa.

Sec. 7. There is appropriated from the general fund of the state to INTERNET for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For deposit in the international network on trade fund created by the INTERNET board, provided that \$290,250 shall be allocated to the department of economic development for the Iowa international development foundation for the salaries and support for not more than 5.00 full-time equivalent positions for employees of the department of economic development, \$96,750 shall be allocated to the peace institute, and \$96,750 shall be allocated for the partner state program and the department may contract with private groups or organizations which are the most appropriate to administer this program, and

the groups and organizations participating in the program shall, to the fullest extent possible, provide the funds to match the appropriation made in this section:

..... \$ 828,750  
..... FTEs 5.00

INTERNET shall use moneys appropriated in this section, unless otherwise specified, for the purposes set out in chapter 18B.

Of the full-time equivalent positions authorized for the Iowa international development foundation, 3.00 full-time equivalent positions shall be devoted to the agribusiness centers in Russia and the Ukraine and shall be effective upon enactment of this Act.

Sec. 8. There is appropriated from the general fund of the state to the Iowa state university of science and technology for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For funding the small business development centers:

..... \$ 991,325

2. For funding the institute for physical research and technology provided that \$281,360 shall be allocated to the institute for physical research and technology industrial incentive program in accordance with the legislative intent of this section:

..... \$ 3,281,360

It is the intent of the general assembly that the incentive program focus on Iowa industrial sectors and seek contributions and in-kind donations from businesses, industrial foundations, and trade associations and that moneys for the institute for physical research and technology industrial incentive program shall only be allocated for projects which are matched by private sector moneys for directed contract research or for nondirected research. The match required of small businesses as defined in section 15.102, subsection 4, for directed

contract research or for nondirected research shall be \$1 for each \$3 of state funds. The match required for other businesses for directed contract research or for nondirected research shall be \$1 for each \$1 of state funds. The match required of industrial foundations or trade associations shall be \$1 for each \$1 of state funds.

Iowa state university shall report annually to the joint economic development subcommittee of the Senate and House appropriations committees the total amounts of private contributions, the proportion of contributions from small businesses and other businesses, and the proportion for directed contract research and nondirected research of benefit to Iowa businesses and industrial sectors.

Notwithstanding section 8.33, moneys appropriated for any fiscal year which remain unobligated and unexpended at the end of the fiscal year shall not revert but shall be available for expenditure the following fiscal year and the appropriation for the incentive program for the following year shall be reduced by an equal amount.

Sec. 9. There is appropriated from the general fund of the state to the university of Iowa for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For funding the advanced drug development program at the Oakdale research park:  
..... \$ 500,000

Sec. 10. Section 12.44, unnumbered paragraph 1, Code 1991, is amended to read as follows:

Agencies of state government shall be required to waive the requirement of satisfaction, or performance, surety, or bid bonds for targeted small businesses which are able to demonstrate the inability of securing such a bond because of a lack of experience, lack of net worth, or lack of capital. This waiver shall not apply to businesses with a record of

repeated failure of substantial performance or material breach of contract in prior circumstances. The waiver shall be applied only to a project or individual transaction amounting to fifty thousand dollars or less, notwithstanding section 573.2. In order to qualify, the targeted small business shall provide written evidence to the department of inspections and appeals that the bond would otherwise be denied the business. The granting of the waiver shall in no way relieve the business from its contractual obligations and shall not preclude the state agency from pursuing any remedies under law upon default or breach of contract.

Sec. 11. Section 15.108, Code Supplement 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 10. ECONOMIC DEVELOPMENT PLANNING AND RESEARCH ACTIVITIES. To provide leadership and support for economic and community development activities statewide. To carry out this responsibility, the department may establish a research center for economic development programs and services whose duties may include but are not limited to the following:

a. Implementation of a comprehensive statewide economic development planning process and provision of leadership, coordination, and support to regional and local economic and community planning efforts.

b. Coordination of the delivery of economic and community development programs with other local, regional, state, federal, and private sector programs and activities.

c. Collection and analysis of data and information, development of databases and performing research to keep abreast of Iowa's present economic base, changing market demands, and emerging trends, including identification of targeted markets and development of marketing strategies.

d. Provision of access to databases to facilitate sales and exports by Iowa businesses.

e. Establishment of a database of community and economic information to aid local regional and statewide economic

development and service delivery efforts.

Sec. 12. Section 15.241, unnumbered paragraphs 1 and 2, Code 1991, are amended to read as follows:

~~The department shall establish, contingent upon the availability of funds authorized for the program, a~~ A "self-employment loan program, account" is established within the strategic investment fund created in section 15.313 to provide funding for the self-employment loan program which is to be conducted in coordination with the job training partnership program and other programs administered under section 15.108, subsection 6, paragraph "c". The department may contract with local community action agencies or other local entities in administering the program, and shall work with the department of employment services and the department of human services in developing the program.

The self-employment loan program shall administer a low-interest loan program to provide loans to low-income persons for the purpose of establishing or expanding small business ventures. The terms of the loans shall be determined by the department, but shall not be in excess of ~~five~~ ten thousand dollars to any single applicant or at a rate to exceed five percent simple interest per annum. ~~A self-employment loan program revolving loan fund shall be established within the department.~~ The department shall maintain records of all loans approved and the effectiveness of those loans in establishing or expanding small business ventures.

Sec. 13. Section 15.241, Code 1991, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Payments of interest, recaptures of awards, and repayments of moneys loaned under this program shall be deposited into the strategic investment fund.

Sec. 14. Section 15.247, subsections 2 and 3, Code 1991, are amended to read as follows:

2. ~~The department shall establish, contingent upon the availability of funds authorized for the program, a~~ A "targeted

small business financial assistance program account" is established within the strategic investment fund created in section 15.313, to provide for loans, loan guarantees, revolving loans, loans secured by accounts receivable, or grants to targeted small businesses. A targeted small business in any year shall receive under this program not more than twenty-five thousand dollars in a loan or grant, and not more than forty thousand dollars in a guarantee, or a combination of loans, grants, or guarantees. The program shall provide guarantees not to exceed seventy-five percent for loans made by qualified lenders. The department shall establish a financial assistance reserve account from funds ~~provided-for-this~~ allocated to the program account, from which any default on a guaranteed loan under this section shall be paid. In administering the program the department shall not guarantee loan values in excess of the amount credited to the reserve account and only moneys set aside in the loan reserve account may be used for the payment of a default.

3. All moneys designated for the targeted small business financial assistance program shall be credited to the ~~financial assistance-reserve~~ program account. ~~The-department-shall-also establish-an-administrative-account-from-which-the-operating costs-of-the-program-shall-be-paid;--The-department-may transfer-moneys-between-the-reserve-and-the-administrative accounts-except-that-not-more-than-twenty-five-percent-of-the moneys-shall-be-used-to-administer-the-fund.~~ The department shall determine the actuarially sound reserve requirement for the amount of guaranteed loans outstanding.

Sec. 15. Section 15.247, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 6. Payments of interest, recaptures of awards, and repayments of moneys loaned under this program shall be deposited into the strategic investment fund.

Sec. 16. NEW SECTION. 15.311 STRATEGIC INVESTMENT FUND. This part shall be known as the "Iowa Strategic Investment

Fund" program.

Sec. 17. NEW SECTION. 15.312 PURPOSE.

The purpose of this part shall be to provide a mechanism for funding those programs listed in section 15.313, subsection 2, in order to more efficiently meet the needs identified within those individual programs.

Sec. 18. NEW SECTION. 15.313 STRATEGIC INVESTMENT FUND.

1. An Iowa strategic investment fund is created as a revolving fund consisting of any money appropriated by the general assembly for that purpose and any other moneys available to and obtained or accepted by the department from the federal government or private sources for placement in the fund. The fund shall also include all of the following:

a. All unencumbered and unobligated funds from the special community economic betterment program fund created under 1990 Iowa Acts, chapter 1262, section 1, subsection 18, remaining on June 30, 1992, all repayments of loans or other awards made under the community economic betterment account or under the community economic betterment program during any fiscal year beginning on or after July 1, 1985, and recaptures of awards.

b. All unencumbered and unobligated funds from the self-employment loan program, the targeted small business financial assistance program, the microenterprise development revolving fund, financing rural economic development or successor loan program, and the value-added agricultural products and processes financial assistance fund remaining on June 30, 1992, and all repayments of loans or other awards or recaptures of awards made under these programs.

Notwithstanding section 8.33, moneys in the strategic investment fund at the end of each fiscal year shall not revert to any other fund but shall remain in the strategic investment fund for expenditure for subsequent fiscal years.

2. The assets of the fund shall be used by the department for the following programs and purposes:

a. The community economic betterment program created in



sections 15.315 through 15.320.

b. The value-added agricultural products and processes financial assistance program created in sections 28.111 and 28.112.

c. The business development finance corporation created in sections 28.131 through 28.149.

d. The self-employment loan program created in section 15.241.

e. The targeted small business financial assistance program created in section 15.247.

f. To provide comprehensive management assistance for applicants or recipients of assistance from programs supported by the fund.

g. If funds are available under a federal microloan demonstration program, a portion of the moneys in the strategic investment fund may be utilized to access those federal funds to expand the state's small business financial assistance programs including the self-employment loan program and the targeted small business financial assistance program.

3. The director shall submit annually at a regular or special meeting preceding the beginning of the fiscal year, for approval by the economic development board, the proposed allocation of funds from the strategic investment fund to be made for that fiscal year to the community economic betterment program, the value-added agricultural products and processes financial assistance program, the business development finance corporation, the self-employment loan program, and the targeted small business financial assistance program and for comprehensive management assistance. If funds are available under a federal microloan demonstration program, the director may recommend an allocation for that purpose. The plans may provide for increased or decreased allocations if the demand in a program indicates that the need exceeds the allocation for that program. The director shall report on a monthly basis to the board on the status of the funds and may present proposed

revisions for approval by the board in January and April of each year. Unobligated and unencumbered moneys remaining in the strategic investment fund or any of its accounts on June 30 of each year shall be considered part of the fund for purposes of the next year's allocation.

Sec. 19. NEW SECTION. 15.315 COMMUNITY ECONOMIC BETTERMENT PROGRAM.

This part shall be known as the "Community Economic Betterment Program."

Sec. 20. NEW SECTION. 15.316 PURPOSE.

The purpose of this program is to assist communities and rural areas of the state with their economic development efforts and to increase employment opportunities for Iowans by increasing the level of economic activity and development within the state.

Sec. 21. NEW SECTION. 15.317 PROGRAM.

1. The department shall establish a program to effectuate the purposes of this part by providing financial assistance for small business gap financing, new business opportunities, and new product and entrepreneurial development. These purposes may be accomplished by providing the following types of assistance:

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

b. An interest buy-down program to reduce the interest of a business loan.

c. Loans or forgivable loans to aid in economic development.

d. Loan guarantees for business loans made by commercial lenders.

e. Equity-like investments.

2. Only a political subdivision of this state may apply to receive funds for any of the purposes specified in subsection 1. The political subdivision shall make application to the department specifying the purpose for which the funds will be

used.

3. The department shall not provide more than one million dollars for any project, unless approved by at least two-thirds of the members of the economic development board.

Sec. 22. NEW SECTION. 15.318 RATING FACTORS AND CRITERIA.

In ranking applications for funds, the department shall consider a variety of factors including, but not limited to, the following:

1. The proportion of local match to be provided.
2. The proportion of private contributions to be provided, including the involvement of financial institutions.
3. The total number of jobs to be created or retained.
4. The size of the business receiving assistance. The department shall award more points to small businesses as defined by the United States small business administration than to other businesses.
5. The potential for future growth in the industry represented by the business being considered for assistance.
6. The need of the business for financial assistance from governmental sources. The department shall award more points to a business for which the department determines that governmental assistance is most necessary to the success of a project, than to other businesses.
7. The quality of the jobs to be created. In rating the quality of the jobs the department shall award more points to those jobs that have a higher wage scale, have a lower turnover rate, are full-time or career-type positions, provide comprehensive health benefits, or have other related factors which could be considered to be higher in quality, than to other jobs. 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.
8. The level of need of the political subdivision.

9. The impact of the proposed project on the economy of the political subdivision.

10. 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.

11. The impact to the state of the proposed project. In measuring the economic impact the department shall award more points for projects which have greater consistency with the state strategic plan than other projects. Greater consistency may include any or all of the following:

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

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

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

d. A business with fewer in-state competitors.

e. A potential for future job growth.

f. A project which is not a retail operation.

12. If a 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.

13. If a business has, within three years of application for assistance, acquired or merged with an Iowa corporation or

company, whether the business has made a good faith effort to hire the workers of the acquired or merged company.

14. Whether a business provides for a preference for hiring residents of the state or of the economic development area, except for out-of-state employees offered a transfer to Iowa or to the economic development area.

15. Whether all known required environmental permits have been issued and regulations met before moneys are released.

Sec. 23. NEW SECTION. 15.319 MONITORING OF JOB CREATION AND RETENTION.

1. The department shall develop definitions for the terms "job creation" and "job retention" to measure and identify the actual number of permanent, full-time positions which businesses actually create or retain and which can be documented by comparison of the payroll reports during the twenty-four-month period after awards to the businesses are made. ..

2. The department shall document the actual job creation and retention effects of all businesses receiving financial assistance from the program in the context of the employer contribution and payroll reports filed by the businesses.

3. The department shall require businesses which receive assistance from the program to submit historical copies of the employer contributions and payroll reports with the application for funds, require businesses to submit the reports after an award is made on a timely basis, and require businesses to estimate the expected job creation and retention effects for the twelve-month and twenty-four-month periods after an award is made in terms of the number of employees and total wages as documented in the payroll reports.

Sec. 24. NEW SECTION. 15.320 COMMUNITY ECONOMIC BETTERMENT PROGRAM ACCOUNT.

1. A community economic betterment program account is established within the strategic investment fund to be used by the department for the community economic betterment program.

The account shall consist of all appropriations, grants, or gifts received by the department specifically for use under this part and any moneys allocated to the community economic betterment program account from the strategic investment fund.

2. Payments of interest, repayments of moneys loaned under the community economic betterment program, or recaptures of awards shall be deposited into the strategic investment fund.

Sec. 25. Section 28.111, subsection 3, unnumbered paragraph 1, Code 1991, is amended to read as follows:

The department of economic development may grant financial or technical assistance to a person eligible to receive assistance under this section, upon review and evaluation of the person's application by the agricultural products advisory council as established in section 15.203. ~~The council shall make recommendations to approve or disapprove an application to the department.~~ The department shall consider the recommendations council's evaluation in granting or denying assistance. The department shall not approve an application for assistance under this section to refinance an existing loan, or to finance traditional agricultural operations. An application is eligible for consideration if the application seeks assistance for any of the following purposes:

Sec. 26. Section 28.112, Code Supplement 1991, is amended to read as follows:

28.112 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES FINANCIAL ASSISTANCE FUND ACCOUNT.

1. ~~The department may establish a~~ A value-added agricultural products and processes financial assistance fund account is established within the strategic investment fund created in section 15.313. ~~The fund account shall be a revolving fund composed~~ consist of any money appropriated by the general assembly for that purpose, moneys allocated to the account from the strategic investment fund, and any other moneys available to and obtained or accepted by the department from the federal government or private sources for placement in

the fund account. Except as otherwise provided in subsection 2, the assets of the fund account shall be used by the department only for carrying out the purposes of section 28.111.

2. The department may use moneys in the fund account to do any of the following:

a. Contract, sue and be sued, and adopt administrative rules necessary to carry out the provisions of this section and section 28.111, but the department shall not in any manner directly or indirectly pledge the credit of the state.

b. Authorize payment from the fund account for costs, commissions, attorney fees, and other reasonable expenses related to and necessary for insuring or guaranteeing loans under section 28.111, and for the recovery of loan moneys insured or guaranteed or the management of property acquired in connection with such loans.

3. ~~Section 8-33 shall not apply to moneys in the fund.~~ Payments of interest, recaptures of awards, or repayments of moneys loaned under the value-added agricultural products and processes financial assistance program shall be deposited into the strategic investment fund.

Sec. 27. Section 28.148, Code 1991, is amended to read as follows:

28.148 STATE ASSISTANCE FUND.

There is created in the treasurer of state's office a "business development finance corporation assistance fund". The fund shall consist of all appropriations, grants, or gifts received by the treasurer specifically for assistance under this division and moneys allocated from the strategic investment fund created in section 15.313. Moneys in this fund are appropriated to the corporation for the purposes stated in this division. Moneys allocated to this fund for purposes of the capital access program and repayments of moneys or recaptures of awards from the capital access program which remain unobligated at the end of a fiscal year may be returned

to the strategic investment fund upon approval of the board of directors of the business development finance corporation.

Sec. 28. Section 28.156, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 6. Carry out the duties specified in section 28.166 regarding the manufacturing technology program and adopt rules pursuant to chapter 17A for the monitoring and enforcement of contracts awarded to community colleges to carry out the purposes of the program. The foundation may withhold the disbursement of funds for failure to comply with the elements required to be included in the contracts.

Sec. 29. Section 28.158, subsection 1, Code 1991, is amended by adding the following new paragraph:

NEW PARAGRAPH. g. For the manufacturing technology program.

Sec. 30. NEW SECTION. 28.162 IOWA BUSINESS INVESTMENT CORPORATION -- PURPOSE.

1. The purpose of this section is to provide for the incorporation under chapter 504A of a nonprofit corporation to organize, capitalize, and fund an Iowa-based small business investment company which shall have the purpose of increasing the availability of funds for investment in and loans to Iowa small businesses on a regional basis. The small business investment company shall be incorporated under the Iowa law.

2. In addition to the powers granted under chapter 504A, the corporation shall have the power to invest in the small business investment company and to serve as guarantor of the preferred stock of the small business investment company.

In exchange for the guaranty, the corporation shall receive warrants for a percentage of the preferred stock of the small business investment company. The guaranty shall expire ten years after the guaranty agreement is entered into. The corporation shall only be liable as guarantor in the event that capital replenishment becomes necessary due to federal small business administration requirements or in the event of a



capital loss upon liquidation of the small business investment company.

Sec. 31. NEW SECTION. 28.163 BOARD OF DIRECTORS OF CORPORATION.

1. The powers of the corporation are vested in and shall be exercised by the board of directors. The directors shall serve a term of three years. Each term shall begin and end as provided in section 69.19. No more than a simple majority of the members of the board shall belong to the same political party as provided in section 69.16.

2. The board shall consist of three members appointed as follows: .

a. One member appointed by the governor or the governor's designee.

b. One member shall be the treasurer of state or the treasurer's designee.

c. One member shall be a private citizen appointed by the legislative council. This member shall be well qualified and shall have at least five years of experience in a responsible position in a business involved in investing in business concerns.

3. The board shall annually elect one member as chairperson and one member as secretary. The board may elect other officers of the corporation as necessary.

4. Each director of the corporation shall take an oath of office which shall be filed in the office of the secretary of state.

Sec. 32. NEW SECTION. 28.164 SMALL BUSINESS INVESTMENT COMPANY.

1. The small business investment company organized pursuant to section 28.162 and this section may make investments in the common and preferred stock of and may make loans to or purchase the debt obligations of Iowa small businesses which are unable to raise equity capital or obtain financing from conventional sources. The criteria for investment in or loans to Iowa small

businesses by the small business investment company shall include geographic distribution, economic diversity, potential for job creation and retention, and potential for long-term success.

2. The small business investment company shall comply with the small business investment company licensing requirements of the federal small business administration.

3. The capital of the small business investment company shall consist of shares sold on a regional basis to banks, insurance companies, finance companies, savings institutions, other corporations, limited liability companies, partnerships, and individuals. For the purposes of section 28.162 the shares acquired by each investor shall be divided equally between common and preferred shares.

4. Applications to the small business investment company for investments and loans shall originate within the regions set out in section 28H.1. For the purposes of this section, Boone, Dallas, Jasper, Marion, Polk, Story, and Warren counties shall constitute a region.

5. The operations of the small business investment company shall be conducted by a private manager contracted for by the board of directors of the company on the basis of the manager's expertise and record in the making or procuring of investments in and loans to small businesses. The small business investment company shall be operated in accordance with federal small business administration regulations.

6. The board of directors of the small business investment company shall consist of not less than seventeen nor more than twenty-one persons who shall be elected by the private shareholders from each of the seventeen regions set out in subsection 4.

7. To qualify for the guaranty under section 28.162, the small business investment company shall satisfy the conditions set out in this section and those of the federal small business administration, provided that federal small business

administration requirements shall take precedence over the requirements of this section.

Sec. 33. NEW SECTION. 28.165 PURPOSE -- INTENT.

The purposes of the manufacturing technology program are:

1. To create and stimulate economic opportunity by providing technical assistance to individual industry or to industrial sectors in this state.
2. To assist in the identification of opportunities for modernization and increased competitiveness of individual business or industry or industrial sectors.
3. To assist individual business and industry or industrial sectors to integrate state-of-the-art technologies and processes.
4. To provide specific programs for individual industry or industrial sectors by:
  - a. Developing partnerships and coordination between statewide and regional providers of services for modernization and increased competitiveness for Iowa industry.
  - b. Establishing an industrial contact outreach program to evaluate the need for technical services and implementing an industrial needs assessment database.
  - c. Collaborating with a network of specialized technology resource sites throughout the state.
5. To facilitate the transfer of university research that is available for commercial application to individual industry or industrial sectors.
6. To provide technical assistance to existing individual industry or industrial sectors or nonmanufacturing business regarding available technological and management innovations to improve products, processes, and management systems, including implementation of total quality management methods.

Sec. 34. NEW SECTION. 28.166 REGIONALLY BASED MANUFACTURING TECHNOLOGY PROGRAM.

1. Contingent on the availability of funding from sources other than the general fund of the state or other state funds,

the executive director of the foundation shall contract with six or more community colleges for employment of an industrial technology outreach specialist to work with individual industry or industrial sectors to determine company needs and provide technical assistance or referral to services, or to coordinate with other service providers to determine how services should be accessed or provided. However, if the foundation does not receive funding from other sources, the executive director shall contract with at least four community colleges. The contract shall include but is not limited to the following:

a. The establishment of an industrial technology outreach program that will identify needs of individual industry or industrial sectors.

b. Criteria for assuring access to programs and services to assist individual industry or industrial sectors.

c. An annual budget for operation of the program and activities agreed to in the contract including provisions related to the transfer of funds to the community college, as agreed upon by the president of the community college and the executive director.

d. Performance measures for quarterly and annual evaluation of the program and activities agreed to in the contract. The foundation may withhold the disbursement of funds for failure to achieve criteria established in the contract.

e. The duties of the industrial technology outreach specialist.

f. The provision of technical assistance to existing individual industry or industrial sectors or nonmanufacturing business regarding available technological and management innovations to improve products, processes, and management systems, including implementation of total quality management methods.

2. The foundation may provide or contract for the delivery of technical services to individual industry or industrial sectors.

3. The executive director of the foundation shall issue requests for proposals to the community colleges and shall select the best proposals after considering, among other factors, the geographic distribution of the provision of the program services to areas of the state which do not serve a city with a population over twenty thousand, the number of small and medium-sized industries within the community college district, and the level of community college interaction with those industries. Community colleges in contiguous regions may submit a joint proposal.

Sec. 35. Section 29C.9, subsections 7 and 8, Code 1991, as amended by 1992 Iowa Acts, Senate File 390, section 10, are amended to read as follows:

7. The commission shall delegate to the emergency management coordinator the authority to fulfill the commission duties as described in the division's administrative rules. Each commission shall appoint a county emergency management coordinator who shall meet the qualifications specified in the administrative rules by the administrator of the emergency management division. However, in counties having a population of twenty-five thousand or less, an emergency management coordinator is not required to meet the qualifications specified by the administrator of the emergency management division. Additional emergency management personnel may be appointed at the discretion of the commission.

8. The commission shall develop, adopt, and submit for approval by local governments within the county, a comprehensive county-wide emergency operations plan which meets standards adopted by the division in accordance with chapter 17A. If an approved comprehensive county-wide emergency operations plan has not been prepared according to established standards and the administrator of the emergency management division finds that satisfactory progress is not being made toward the completion of the plan, or if the administrator finds that a local emergency management commission has failed

to appoint a qualified emergency management coordinator as provided in this chapter, the administrator shall notify the governing bodies of the counties and cities affected by the failure and the governing bodies shall not appropriate any moneys to the local emergency management fund until the disaster plan is prepared and approved or a qualified emergency management coordinator is appointed. If the administrator finds that a city or a county has appointed an unqualified emergency management coordinator, the administrator shall notify the governing body of the city or county citing the qualifications which are not met and the governing body shall not approve the payment of the salary or expenses of the unqualified emergency management coordinator. However, in counties having a population of twenty-five thousand or less, funding sanctions in this subsection based solely on the qualifications of an emergency management coordinator do not apply.

Sec. 36. Section 73.18, Code Supplement 1991, is amended to read as follows:

73.18 NOTICE OF SOLICITATION FOR BIDS -- IDENTIFICATION OF TARGETED SMALL BUSINESSES.

The director of each agency or department, the administrator of each area education agency, the president of each community college, and the superintendent of each school district releasing a solicitation for bids or request for proposal under the targeted small business procurement goal program shall ~~notify the director of the department of economic development~~ consult a directory of certified targeted small businesses produced by the department of economic development that lists all certified targeted small businesses by category of goods or services provided prior to or upon release of the solicitation and shall send a copy of the request for proposal or solicitation to any appropriate targeted small business listed in the directory. The Iowa department of economic development may charge the department, agency, area education agency,

community college, or school district a reasonable fee to cover the cost of producing, distributing, and updating the directory. ~~A community college, area education agency, or school district shall notify the department of education which shall notify the department of economic development prior to or upon release of the solicitation. The director of the department of economic development shall notify the soliciting agency or department, or community college, area education agency, or school district, of any targeted small businesses which have been certified pursuant to section 10A.104, subsection 8, and which may be qualified to bid.~~

Sec. 37. Section 99E.31, subsection 2, Code 1991, is amended by striking the subsection.

Sec. 38. Section 99E.32, subsection 2, Code Supplement 1991, is amended by striking the subsection.

Sec. 39. Section 280B.6, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 7. Notwithstanding any other provision of this chapter to the contrary, a community college may use funds available from the retirement of certificates for the purposes of sections 280A.44 and 280A.46 and for economic development purposes. The funds may be used for these purposes for a period of five years following the date a certificate is retired.

Sec. 40. NEW SECTION. 307.41 MAINTENANCE FACILITIES.

The department shall maintain maintenance facilities within the boundaries of every county with a population in excess of eight thousand persons in which the department maintains a maintenance facility as of January 1, 1988.

Sec. 41. Section 321.19, subsection 2, unnumbered paragraph 2, Code 1991, is amended to read as follows:

~~Any person, firm, corporation, or company operating an urban transit system shall pay to the county treasurer annually as a registration fee for each bus, car, or vehicle used in the transportation of passengers, five dollars, which shall be paid~~

~~into-the-city-general-fund---Any-urban-transit-company-operated  
by-a-municipality-is-not-required-to-pay-such-registration  
fees:~~ The department, in accordance with subsection 1, shall  
furnish distinguishing plates for vehicles used by urban  
transit companies operated by a municipality. No other  
provision of law providing for the payment of taxes,  
registration, or license fees for vehicles shall be applicable  
to any bus, car, or vehicle for the transportation of  
passengers owned and operated by any urban transit company.

Sec. 42. Section 321.22, subsection 4, Code 1991, is  
amended by striking the subsection.

Sec. 43. Section 368.7, unnumbered paragraphs 2 and 3, as  
amended by 1992 Iowa Acts, Senate File 2290, section 2, is  
amended to read as follows:

An application for annexation of territory not within an  
urbanized area must be approved by resolution of the council  
which receives the application. In the discretion of a city  
council, the resolution may include a provision for a  
transition for the imposition of taxes as provided in section  
368.11, subsection 13. Upon receiving approval of the council,  
the city clerk shall file a copy of the resolution, map, and  
legal description of the territory involved with the state  
department of transportation. The city clerk shall also file a  
copy of the map and resolution with the county recorder and  
secretary of state. The secretary of state shall not accept  
and acknowledge a copy of a map and resolution of annexation  
which would create an island, however, the applicant shall be  
given an opportunity to amend or correct its application to  
eliminate any island. The annexation is completed upon  
acknowledgment by the secretary of state that the secretary of  
state has received the map and resolution.

An application for annexation of territory within an  
urbanized area must be approved both by resolution of the  
council which receives the application and by the board. The  
board shall not approve an application which creates an island.



If the board, committee, or secretary of state determines that granting an application or petition would create an island, or that the application or petition is in violation of a requirement of this chapter, the applicant or petitioner shall be given reasonable opportunity, after notice thereof from the board, committee, or secretary of state, to amend or otherwise correct such application or petition. Notice of the application shall be mailed by certified mail, by the city to which the annexation is directed, at least ten days prior to any action by the city council on the application to the council of each city whose boundary adjoins the territory or is within two miles of the territory, to the board of supervisors of each county which contains a portion of the territory, and to the regional planning authority of the territory. Notice of the application shall be published in an official county newspaper in each affected county at least ten days prior to any action by the city council on the application. In the discretion of a city council, the resolution may include a provision for a transition for the imposition of taxes as provided in section 368.11, subsection 13. The annexation is completed when the board has filed copies of applicable portions of the proceedings as required by section 368.20, subsection 2.

Sec. 44. Section 455B.310, subsection 2, paragraph b, subparagraph (1), Code Supplement 1991, is amended to read as follows:

(1) Ten cents per ton per year is appropriated to the department of natural resources to establish a program to provide competitive grants to regional coordinating councils for projects in regional economic development centers related to a by-products and waste exchange system. Grantees under this program shall coordinate activities with other available state or multistate waste exchanges, including but not limited to the by-products and waste search service at the university of northern Iowa. The department shall consult with the

department of economic development and the waste reduction center at the university of northern Iowa in establishing criteria for and the awarding of grants under this program. The department of natural resources shall expend not more than thirty thousand dollars of the moneys appropriated under this subparagraph to contract with the by-products and waste search service at the university of northern Iowa to provide training and other technical services to grantees under the program. If regional economic development centers cease to exist, the department shall transfer existing contracts to one or more community colleges or councils of governments and shall revise the criteria and rules for this program to allow community colleges or councils of governments or regional planning councils to be applicants for competitive grants.

Sec. 45. Section 455D.16, Code 1991, is amended to read as follows:

455D.16 PACKAGING PRODUCTS -- RECYCLING -- PROHIBITION OF POLYSTYRENE PRODUCTS.

The department, in cooperation with businesses involved in the manufacturing and use of packaging products or food service items, shall establish a recycling program to increase the recycling of packaging products or food service items by twenty-five percent by ~~January 1, 1992~~ July 1, 1993, and by fifty percent by ~~January 1, 1993~~ July 1, 1994. If the recycling goals are not reached, beginning January 1, ~~1994~~ 1995, a person shall not manufacture, offer for sale, sell, or use any polystyrene packaging products or food service items in this state.

Sec. 46. Section 490.1422, subsection 1, unnumbered paragraph 1, Code 1991, is amended to read as follows:

A corporation administratively dissolved under section 490.1421 may apply to the secretary of state for reinstatement within ~~two~~ ten years after the effective date of dissolution. The application must meet all of the following requirements:

Sec. 47. Section 508.10, unnumbered paragraph 2, Code 1991,

is amended to read as follows:

An alien insurer, with the approval of the commissioner, may be treated as a domestic insurer of this state in whole or in part, and if so approved is deemed to be organized under the laws of this state and is an Iowa domestic insurer as provided by rules adopted by the commissioner. The approval of the commissioner may be based upon such factors as:

Sec. 48. NEW SECTION. 634.7 PUBLIC GRANTS BY PRIVATE FOUNDATIONS OR TRUSTS.

A grant, by a trust organized and funded prior to January 1, 1992, to which this chapter applies, to the state of Iowa, or a political subdivision, or agency of the state or political subdivision, for purposes of economic development, shall be regarded as a charitable contribution if made prior to January 1, 1994.

Sec. 49. Notwithstanding the provision in section 15.313 granting the director of the department of economic development discretion in the allocation of the moneys to the various accounts in the strategic investment fund, for the fiscal year beginning July 1, 1992, a minimum of \$500,000 shall be allocated to the targeted small business financial assistance program account and a minimum of \$220,000 shall be allocated to the self-employment loan program account.

Sec. 50. All loan repayments under the rural community 2000 program shall be transferred to the Iowa finance authority housing improvement fund under section 220.100.

Sec. 51. Sections 15.301, through 15.307, Code 1991, are repealed."

2. Title page, line 4, by striking the words "technology and" and inserting the following: "technology,".

3. Title page, line 5, by inserting after the word "fund" the following: ", replacing the Iowa economic development network with a manufacturing technology program under the Wallace technology transfer foundation, providing for economic development planning and research activities by the department

of economic development, and making related and other statutory changes".

ON THE PART OF THE HOUSE:

ON THE PART OF THE SENATE:

\_\_\_\_\_  
PHILIP WISE, Chairperson

\_\_\_\_\_  
JIM RIORDAN, Chairperson

\_\_\_\_\_  
ROBERT DVORSKY

\_\_\_\_\_  
ALLEN BORLAUG

\_\_\_\_\_  
DONALD E. HANSON

\_\_\_\_\_  
MIKE CONNOLLY

\_\_\_\_\_  
WILLIAM HARBOR

\_\_\_\_\_  
MARY E. KRAMER

\_\_\_\_\_  
CHARLES N. PONCY

\_\_\_\_\_  
RICHARD RUNNING

*Adopted 5/3 (p. 2146)*

*Adopted 5/3 (p. 1809)*

**House File 2462**

**Summary of Additional Subject Matter Material**

**in Second Conference Committee Report**

**May 3, 1992**

The second Conference Committee on House File 2462 met on May 3, 1992, and the following additional subject matter material is included in the Conference Committee Report which was not contained in the bill as amended, passed, and reprinted by the House or in the Senate amendment:

1. A provision to appropriate up to \$200,000 of moneys collected by the division of insurance to the department of economic development for insurance economic development and international insurance economic development.

2. A provision that three of the full-time equivalent positions of the Iowa international development foundation shall be devoted to the agribusiness centers in Russia and the Ukraine and that the positions are effective upon enactment.

3. A provision that in counties with a population of 25,000 or less, an emergency management coordinator is not required to meet the qualifications specified by the administrator of the emergency management division.

4. A provision allowing community colleges to use funds from the retirement of training certificates for apprenticeship and sharing programs and economic development purposes.

5. A provision requiring the Iowa department of transportation to maintain maintenance facilities in counties with a population greater than 8000 if a facility was maintained as of January 1, 1988.

6. A provision regarding applications or petitions for the annexation of land.

7. A provision requiring the department of economic development to transfer by-products and waste exchange system projects at regional economic development centers to community colleges or councils of governments if regional economic development centers cease to exist.

8. A provision that approved alien insurers are deemed to be organized under the laws of this state and are Iowa insurers.

**NOTE:** The purpose of this summary is to identify significant subject matter material which was not included in either the bill as amended, passed, and reprinted by the House or the Senate amendment. Subject matter material contained in the second Conference Committee Report that was part of either the House bill or Senate amendment is not included.

Prepared by the Legislative Service Bureau

G:\KUEHN\H-AMENDS\CC2462A2.SAM  
05/03/92

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OFFICE OF THE GOVERNOR

STATE CAPITOL

DES MOINES, IOWA 50319

515 281-5211

TERRY E. BRANSTAD  
GOVERNOR

June 3, 1992

The Honorable Elaine Baxter  
Secretary of State  
State Capitol Building  
L O C A L

Dear Madam Secretary:

I hereby transmit House File 2462, an act appropriating funds to the department of economic development, the Iowa finance authority, the wallace technology transfer foundation, internet, state university of Iowa, and Iowa state university of science and technology, creating the strategic investment fund, replacing the Iowa economic development network with a manufacturing technology program under the wallace technology transfer foundation, providing for economic development planning and research activities by the department of economic development, and making related and other statutory changes.

House File 2462 is, therefore, approved on this date with the following exceptions which I hereby disapprove.

I am unable to approve the designated portion of Section 1, subsection 3, paragraph c. This provision would appropriate \$75,000 for a specific economic development project. Projects such as this are eligible for funding under the Rural Enterprise Fund. Appropriate plans and applications for specific projects should be submitted to the Department of Economic Development and be reviewed on a competitive basis with other locally initiated projects. By disapproving this provision, the Department of Economic Development will revert \$75,000 to the general fund of the state at the end of fiscal year 1993.

I am unable to approve the item designated as Section 3, subsection 3, in its entirety. This provision would appropriate moneys from the job training fund to community colleges for apprenticeship programs. I support the establishment of

The Honorable Elaine Baxter  
June 3, 1992  
Page 2

apprenticeship programs and encourage trade associations to sponsor such programs. However, because the availability of sufficient funds from the job training fund is uncertain, I am unable to approve this item.

I am unable to approve the item designated as Section 5, in its entirety. This section would provide funding for housing assistance programs. Iowa recently received an award of \$9.5 million from the federal National Affordable Housing Act which will provide significant new funding for housing programs. I will continue to seek other alternative funding sources for Iowa's housing needs.

I am unable to approve the designated portions of Section 6. These provisions would appropriate \$50,000 for beef fat content research and appropriate \$50,000 for a feasibility study for a new cogeneration plant. The Wallace Technology Transfer Foundation has established a peer review process to evaluate applications for financial assistance awarded to projects such as these. This evaluation process assures that applications are consistent with the Foundation's strategic plan and have the highest potential for development of transferable technologies. These projects should be submitted to the Foundation and be subject to the regular review process. By disapproving these provisions, the Wallace Technology Transfer Foundation will revert \$100,000 to the general fund of the state at the end of fiscal year 1993.

I am unable to approve the item designated as Section 35, in its entirety. This provision would exempt Emergency Management Coordinators in counties of less than 25,000 population from meeting qualifications for that position. This could make the counties ineligible to receive federal grants under emergency management assistance program rules. Administrative rules have been developed in cooperation with the Iowa Emergency Management Directors Association and can allow for temporary certification while coordinators receive training. Current law allows two or more adjacent counties to share a coordinator.

I am unable to approve the item designated as Section 39, in its entirety. This section would allow for the continued collection of incremental income and property withholding taxes for up to five years after training certificates have been retired. The funds collected during this five-year period could be used for apprenticeship programs, program and administrative sharing



The Honorable Elaine Baxter  
June 3, 1992  
Page 3

programs between community colleges and Regent universities and other economic development purposes. While I understand the desire to provide an alternative source of funding for community college programs, this provision goes far beyond the original intent of the uses for the taxes, and cannot be approved.

I am unable to approve the item designated as Section 40, in its entirety. This item places an inappropriate restriction on the Department of Transportation's ability to adjust to changing needs.

I am unable to approve the item designated as Section 43, in its entirety. Changes made by this section would allow a city to amend an application for annexation after it has been submitted to the City Development Board if it is determined that the application would create an island or would be in violation of a requirement of Chapter 368. Current board policy allows a city to correct a minor technical defect or omission in a filed application. If an application is flawed to the extent that it is in violation of Chapter 368, the application should be withdrawn and resubmitted.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2462 are hereby approved as of this date.

Sincerely,



Terry E. Branstad  
Governor

TEB/ps

cc: Secretary of the Senate  
Chief Clerk of the House

HOUSE FILE 2462

AN ACT

APPROPRIATING FUNDS TO THE DEPARTMENT OF ECONOMIC DEVELOPMENT, THE IOWA FINANCE AUTHORITY, THE WALLACE TECHNOLOGY TRANSFER FOUNDATION, INTERNET, STATE UNIVERSITY OF IOWA, AND IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY, CREATING THE STRATEGIC INVESTMENT FUND, REPLACING THE IOWA ECONOMIC DEVELOPMENT NETWORK WITH A MANUFACTURING TECHNOLOGY PROGRAM UNDER THE WALLACE TECHNOLOGY TRANSFER FOUNDATION, PROVIDING FOR ECONOMIC DEVELOPMENT PLANNING AND RESEARCH ACTIVITIES BY THE DEPARTMENT OF ECONOMIC DEVELOPMENT, AND MAKING RELATED AND OTHER STATUTORY CHANGES.

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

Section 1. There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATIVE SERVICES DIVISION

a. General administration

For salaries, support, maintenance, miscellaneous purposes, to implement total quality management, and for not more than the following full-time equivalent positions:

..... \$ 789,000
..... FTEs 21.00

The department shall plan for and initiate a long-term process for the continuous improvement of the services provided to the citizens of Iowa using the principles of total quality management.

b. Information management center

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 361,000

..... FTEs 6.50

c. Film office

For salaries, support, maintenance, miscellaneous purposes, for not more than the following full-time equivalent positions, and for utilizing \$20,000 or so much thereof as is necessary, to promote the film "Gentle Giants, Windows to our Heritage" regarding the impact of the Iowa draft horse in making Iowa the greatest food producing state in the world:

..... \$ 182,000
..... FTEs 2.00

2. BUSINESS DEVELOPMENT DIVISION

a. Business development operations

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 2,525,000
..... FTEs 15.00

b. Small business programs

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for the small business program, the small business advisory council, targeted small business program, and business incubators, of which \$46,424 shall be allocated for the administration of the targeted small business program and \$50,000 shall be used to fund, with local matching funds, a targeted small business incubator in each county with a population greater than two hundred fifty thousand:

..... \$ 323,000
..... FTEs 5.50

c. Federal procurement office

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 96,953
..... FTEs 3.00

Notwithstanding section 8.33, moneys remaining unencumbered or unobligated on June 30, 1993, shall not revert and shall be

HF 2462

= Vetoed

available for expenditure during the fiscal year beginning July 1, 1993, for the same purposes.

d. Strategic investment fund

For deposit in the strategic investment fund for salaries, support, and for not more than the following full-time equivalent positions:

..... \$ 4,075,733  
..... FTEs 10.00

Notwithstanding section 8.33, moneys in the strategic investment fund at the end of each fiscal year shall not revert to the general fund but shall remain in the strategic investment fund.

e. Small business investment company capitalization

For transfer to the treasurer of state for the purpose of facilitating the organization and private capitalization of the small business investment company under sections 28.162 through 28.164. If the small business investment company for which the funds are to be used is not organized within eighteen months of the effective date of this Act, unused funds shall revert to the general fund of the state:

..... \$ 200,000

f. Insurance economic development

There is appropriated from moneys collected by the division of insurance in excess of the anticipated gross revenues under section 505.7, subsection 3, to the department for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for insurance economic development and international insurance economic development:

..... \$ 200,000

1. COMMUNITY AND RURAL DEVELOPMENT DIVISION

a. Community assistance

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for administration of the community economic preparedness program, the Iowa community betterment program, and the city development board:

..... \$ 500,000  
..... FTEs 7.50

b. Main street/rural main street program

For salaries and support for not more than the following full-time equivalent positions:

..... \$ 353,386  
..... FTEs 3.00

Notwithstanding section 8.33, moneys committed to grantees under contract from the general fund or through transfers from the Iowa community development loan fund that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

c. Rural development program

For allocating \$75,000 to the Adams community economic development corporation and for salaries, support, maintenance, miscellaneous purposes, for not more than the following full-time equivalent positions for rural resource coordination, rural community leadership, and the rural enterprise fund, out of which the department may set aside a portion of the moneys for one or more pilot efforts supporting cooperative agriculture-related or livestock production projects:

..... \$ 675,000  
..... FTEs 3.50

The department shall allocate \$75,000 to the Adams community economic development corporation for the purposes of evaluating the organizational structure of the county, the present workload of the county office functions, consolidation of county offices, and exploring state outreach services available for cross-training employees, and that the funds shall not be used by the department for any other purpose.

Notwithstanding section 8.33, moneys obligated or committed to grantees under contract from the general fund or through transfers from the Iowa community development loan fund that remain unexpended at the end of the fiscal year shall not revert but shall be available for expenditure for purposes of the contract during succeeding fiscal years.

= Vetoed

d. Community development block grant and HOME

For administration and related federal housing and urban development grant administration for salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	375,397
.....	FTEs	18.75

e. Councils of governments

To provide to Iowa's councils of governments funds for planning and technical assistance funds to assist local governments to develop community development strategies for addressing long-term and short-term community needs:

.....	\$	187,500
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4. INTERNATIONAL DIVISION

a. International trade operations

For conducting foreign trade missions on behalf of Iowa businesses, salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	375,000
.....	FTEs	6.00

b. Foreign trade offices

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	743,000
.....	FTEs	6.00

c. Export trade assistance program

For export trade activities, including a program to encourage and increase participation in trade shows and trade missions by providing financial assistance to businesses for a percentage of their costs of participating in trade shows and trade missions, by providing for the lease/sublease of showcase space in existing world trade centers, by providing temporary office space for foreign buyers, international prospects, and potential reverse investors, and by providing other promotional and assistance activities, provided that the

department shall consult with the department of agriculture and land stewardship prior to allocating export trade assistance program moneys, including salaries and support for not more than the following full-time equivalent positions:

.....	\$	334,000
.....	FTEs	.25

d. Agricultural product advisory council

For support, maintenance, and miscellaneous purposes:

.....	\$	1,400
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5. TOURISM DIVISION

a. Tourism operations

For utilizing \$41,586, or so much thereof as may be necessary, to be used for the operation of the interstate welcome center system, salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions, provided that the appropriation shall not be used for advertising placements for in-state and out-of-state tourism marketing:

.....	\$	691,586
.....	FTEs	17.77

b. Tourism advertising

For contracting exclusively for tourism advertising for in-state and out-of-state tourism marketing services, tourism promotion programs, electronic media, print media, and printed materials:

.....	\$	2,250,000
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The department shall not use the moneys appropriated in this paragraph unless the department develops public-private partnerships with Iowa businesses in the tourism industry, Iowa tour groups, Iowa tourism organizations, and political subdivisions in this state to assist in the development of advertising efforts. The department shall, to the fullest extent possible, develop cooperative efforts for advertising with contributions from other sources.

c. Welcome center program

To implement the recommendations of the statewide long-range plan for developing and operating welcome centers

throughout the state, for transferring \$10,000 to the city of West Branch for the purpose of conducting a study and for planning for the development of a welcome and historical center, and for a match of \$25,000 if the department uses \$125,000 of other moneys for a welcome center project based on the department's prioritization report, dated December 1991.

..... \$ 263,625

Notwithstanding section 8.33, pursuant to 1990 Iowa Acts, chapter 1255, section 37, subsection 1, as amended by 1991 Iowa Acts, chapter 260, section 1001, the department may use up to \$125,000 for a welcome center project based upon the department's prioritization report, dated December 1991.

Moneys used for welcome center projects based on the department's prioritization report require a dollar-for-dollar match. Moneys committed to grantees under contract that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

6. WORK FORCE DEVELOPMENT DIVISION

a. Youth work force programs

For purposes of the conservation corps, including salary, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 1,000,000  
..... FTEs 1.90

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

b. Job retraining program

To the community college job training fund created in section 280C.6, including salaries and support for not more than the following full-time equivalent positions:

..... \$ 932,831  
..... FTEs .60

c. Work force investment program

For purposes of the work force investment program, for a competitive grant program by the department in consultation with the state job training coordinating council for projects that increase Iowa's pool of available labor via training and support services with priority given to projects which serve displaced homemakers or welfare recipients, including salaries and support for not more than the following full-time equivalent positions:

..... \$ 500,000  
..... FTEs .90

The department shall ensure that the work force investment program is coordinated with services provided under the federal Job Training Partnership Act and that welfare recipients receive priority for services under both programs.

Notwithstanding section 8.33, moneys obligated or committed to grantees under contract that remain unexpended at the end of the fiscal year, shall not revert but shall be available for expenditure for purposes of the contract during succeeding fiscal years.

d. Labor management councils

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 195,745  
..... FTEs 1.00

The department shall not use moneys appropriated in this paragraph for grants to grantees who do not facilitate the active participation of labor as members of labor management councils or who fail to make a good faith effort to either schedule meetings during nonworking hours or obtain voluntary agreements with employers to allow employees time off to attend labor management council meetings with no loss of pay or other benefits.

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended on June 30 of any fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

7. For transfer to the Iowa product development corporation fund established in section 28.89:

.....	\$	887,500
.....	FTEs	5.00

Sec. 2. Notwithstanding section 28.120, subsections 5, 6, and 7, and section 15.287, there is appropriated from the Iowa community development loan fund from the moneys available during the fiscal year beginning July 1, 1992, and ending June 30, 1993, to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, \$50,000, or so much thereof as is necessary, to be used for rural development financing; \$20,000 to be transferred to and used by the main street program; with the remainder of the Iowa community development loan fund to be transferred only to the rural development program to be used by the department for the purposes of the program, including pilot efforts supporting cooperative agriculture-related or livestock production projects.

Sec. 3. Notwithstanding section 15.251, subsection 2, there is appropriated from the job training fund created in the office of the treasurer of state to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For administration of chapter 280B, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	125,000
.....	FTEs	2.40

2. For the target alliance program:

.....	\$	30,000
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3. For allocation to the community colleges to supplement the coordination and instruction of apprentice related instruction, and instructional equipment for apprenticeship programs as provided in section 280A.44 on the basis of the percentage of total contact hours enrolled in apprenticeship

training at community colleges as of July 1, 1992, if funds remain in the job training fund after the appropriations in subsections 1 and 2 are made:

.....	\$	125,000
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Sec. 4. There is appropriated from the community college job training fund created in section 280C.6, subsection 1, to the department of economic development for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and miscellaneous purposes for the administration of the Iowa small business new jobs training Act, and for not more than the following full-time equivalent positions:

.....	\$	38,954
.....	PTEs	.70

Sec. 5. There is appropriated from the general fund of the state to the Iowa finance authority for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For deposit in the housing improvement fund created in section 220.100 for purposes of the fund:

.....	\$	1,623,550
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Sec. 6. There is appropriated from the general fund of the state to the Wallace technology transfer foundation for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and other operational purposes, for providing a state match of \$50,000 for present and future federal funding for the subcontractor of an existing federal grant for beef fat content research administered through the United States department of agriculture and the cooperative state research service, for approving and submitting to the governor and general assembly not later than January 15 an annual report relating to

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performance goals of and efforts by the foundation to improve the modernization of industrial facilities, for funding the small business innovation research program, for funding activities as provided in section 28.158, and for transferring \$75,000 of the funds appropriated in this subsection to the Iowa quality coalition for productivity enhancement projects:

..... \$ 2,900,000  
..... FTEs 6.00

The foundation shall transfer \$50,000 to the department of natural resources for the approval of a grant to a waste paper recycling company located in Iowa which recycles waste paper into paperboard products, which grant shall be used to conduct a feasibility study for a new cogeneration plant to be located in Iowa.

Sec. 7. There is appropriated from the general fund of the state to INTERNET for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For deposit in the international network on trade fund created by the INTERNET board, provided that \$290,250 shall be allocated to the department of economic development for the Iowa international development foundation for the salaries and support for not more than 5.00 full-time equivalent positions for employees of the department of economic development, \$96,750 shall be allocated to the peace institute, and \$96,750 shall be allocated for the partner state program and the department may contract with private groups or organizations which are the most appropriate to administer this program, and the groups and organizations participating in the program shall, to the fullest extent possible, provide the funds to match the appropriation made in this section:

..... \$ 828,750  
..... FTEs 5.00

INTERNET shall use moneys appropriated in this section, unless otherwise specified, for the purposes set out in chapter 188.

Of the full-time equivalent positions authorized for the Iowa international development foundation, 3.00 full-time equivalent positions shall be devoted to the agribusiness centers in Russia and the Ukraine and shall be effective upon enactment of this Act.

Sec. 8. There is appropriated from the general fund of the state to the Iowa state university of science and technology for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For funding the small business development centers:  
..... \$ 991,325
2. For funding the institute for physical research and technology provided that \$281,360 shall be allocated to the institute for physical research and technology industrial incentive program in accordance with the legislative intent of this section:  
..... \$ 3,281,360

It is the intent of the general assembly that the incentive program focus on Iowa industrial sectors and seek contributions and in-kind donations from businesses, industrial foundations, and trade associations and that moneys for the institute for physical research and technology industrial incentive program shall only be allocated for projects which are matched by private sector moneys for directed contract research or for nondirected research. The match required of small businesses as defined in section 15.102, subsection 4, for directed contract research or for nondirected research shall be \$1 for each \$3 of state funds. The match required for other businesses for directed contract research or for nondirected research shall be \$1 for each \$1 of state funds. The match required of industrial foundations or trade associations shall be \$1 for each \$1 of state funds.

Iowa state university shall report annually to the joint economic development subcommittee of the senate and house appropriations committees the total amounts of private contributions, the proportion of contributions from small

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businesses and other businesses, and the proportion for directed contract research and nondirected research of benefit to Iowa businesses and industrial sectors.

Notwithstanding section 8.33, moneys appropriated for any fiscal year which remain unobligated and unexpended at the end of the fiscal year shall not revert but shall be available for expenditure the following fiscal year and the appropriation for the incentive program for the following year shall be reduced by an equal amount.

Sec. 9. There is appropriated from the general fund of the state to the university of Iowa for the fiscal year beginning July 1, 1992, and ending June 30, 1993, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For funding the advanced drug development program at the Oakdale research park:

..... \$ 500,000

Sec. 10. Section 12.44, unnumbered paragraph 1, Code 1991, is amended to read as follows:

Agencies of state government shall be required to waive the requirement of satisfaction, or performance, surety, or bid bonds for targeted small businesses which are able to demonstrate the inability of securing such a bond because of a lack of experience, lack of net worth, or lack of capital. This waiver shall not apply to businesses with a record of repeated failure of substantial performance or material breach of contract in prior circumstances. The waiver shall be applied only to a project or individual transaction amounting to fifty thousand dollars or less, notwithstanding section 573.2. In order to qualify, the targeted small business shall provide written evidence to the department of inspections and appeals that the bond would otherwise be denied the business. The granting of the waiver shall in no way relieve the business from its contractual obligations and shall not preclude the state agency from pursuing any remedies under law upon default or breach of contract.

Sec. 11. Section 15.108, Code Supplement 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 10. ECONOMIC DEVELOPMENT PLANNING AND RESEARCH ACTIVITIES. To provide leadership and support for economic and community development activities statewide. To carry out this responsibility, the department may establish a research center for economic development programs and services whose duties may include but are not limited to the following:

- a. Implementation of a comprehensive statewide economic development planning process and provision of leadership, coordination, and support to regional and local economic and community planning efforts.
- b. Coordination of the delivery of economic and community development programs with other local, regional, state, federal, and private sector programs and activities.
- c. Collection and analysis of data and information, development of databases and performing research to keep abreast of Iowa's present economic base, changing market demands, and emerging trends, including identification of targeted markets and development of marketing strategies.
- d. Provision of access to databases to facilitate sales and exports by Iowa businesses.
- e. Establishment of a database of community and economic information to aid local regional and statewide economic development and service delivery efforts.

Sec. 12. Section 15.241, unnumbered paragraphs 1 and 2, Code 1991, are amended to read as follows:

~~The department shall establish, contingent upon the availability of funds authorized for the program, a "self-employment loan program; account" is established within the strategic investment fund created in section 15.313 to provide funding for the self-employment loan program which is to be conducted in coordination with the job training partnership program and other programs administered under section 15.108, subsection 6, paragraph "c".~~ The department may contract with local community action agencies or other local entities in administering the program, and shall work with the department



of employment services and the department of human services in developing the program.

The self-employment loan program shall administer a low-interest loan program to provide loans to low-income persons for the purpose of establishing or expanding small business ventures. The terms of the loans shall be determined by the department, but shall not be in excess of five ten thousand dollars to any single applicant or at a rate to exceed five percent simple interest per annum. ~~A self-employment loan program revolving loan fund shall be established within the department.~~ The department shall maintain records of all loans approved and the effectiveness of those loans in establishing or expanding small business ventures.

Sec. 13. Section 15.241, Code 1991, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Payments of interest, recaptures of awards, and repayments of moneys loaned under this program shall be deposited into the strategic investment fund.

Sec. 14. Section 15.247, subsections 2 and 3, Code 1991, are amended to read as follows:

2. ~~The department shall establish, contingent upon the availability of funds authorized for the program, a~~ A "targeted small business financial assistance program account" is established within the strategic investment fund created in section 15.313, to provide for loans, loan guarantees, revolving loans, loans secured by accounts receivable, or grants to targeted small businesses. A targeted small business in any year shall receive under this program not more than twenty-five thousand dollars in a loan or grant, and not more than forty thousand dollars in a guarantee, or a combination of loans, grants, or guarantees. The program shall provide guarantees not to exceed seventy-five percent for loans made by qualified lenders. The department shall establish a financial assistance reserve account from funds ~~provided for this~~ allocated to the program account, from which any default on a guaranteed loan under this section shall be paid. In administering the program the department shall not

guarantee loan values in excess of the amount credited to the reserve account and only moneys set aside in the loan reserve account may be used for the payment of a default.

3. All moneys designated for the targeted small business financial assistance program shall be credited to the ~~financial assistance reserve~~ program account. ~~The department shall also establish an administrative account from which the operating costs of the program shall be paid. The department may transfer moneys between the reserve and the administrative accounts except that not more than twenty-five percent of the moneys shall be used to administer the fund.~~ The department shall determine the actuarially sound reserve requirement for the amount of guaranteed loans outstanding.

Sec. 15. Section 15.247, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 6. Payments of interest, recaptures of awards, and repayments of moneys loaned under this program shall be deposited into the strategic investment fund.

Sec. 16. NEW SECTION. 15.311 STRATEGIC INVESTMENT FUND. This part shall be known as the "Iowa Strategic Investment Fund" program.

Sec. 17. NEW SECTION. 15.312 PURPOSE.

The purpose of this part shall be to provide a mechanism for funding those programs listed in section 15.313, subsection 2, in order to more efficiently meet the needs identified within those individual programs.

Sec. 18. NEW SECTION. 15.313 STRATEGIC INVESTMENT FUND.

1. An Iowa strategic investment fund is created as a revolving fund consisting of any money appropriated by the general assembly for that purpose and any other moneys available to and obtained or accepted by the department from the federal government or private sources for placement in the fund. The fund shall also include all of the following:

a. All unencumbered and unobligated funds from the special community economic betterment program fund created under 1990 Iowa Acts, chapter 1262, section 1, subsection 18, remaining on June 30, 1992, all repayments of loans or other awards made

under the community economic betterment account or under the community economic betterment program during any fiscal year beginning on or after July 1, 1985, and recaptures of awards.

b. All unencumbered and unobligated funds from the self-employment loan program, the targeted small business financial assistance program, the microenterprise development revolving fund, financing rural economic development or successor loan program, and the value-added agricultural products and processes financial assistance fund remaining on June 30, 1992, and all repayments of loans or other awards or recaptures of awards made under these programs.

Notwithstanding section 8.33, moneys in the strategic investment fund at the end of each fiscal year shall not revert to any other fund but shall remain in the strategic investment fund for expenditure for subsequent fiscal years.

2. The assets of the fund shall be used by the department for the following programs and purposes:

a. The community economic betterment program created in sections 15.315 through 15.320.

b. The value-added agricultural products and processes financial assistance program created in sections 28.111 and 28.112.

c. The business development finance corporation created in sections 28.131 through 28.149.

d. The self-employment loan program created in section 15.241.

e. The targeted small business financial assistance program created in section 15.247.

f. To provide comprehensive management assistance for applicants or recipients of assistance from programs supported by the fund.

g. If funds are available under a federal microloan demonstration program, a portion of the moneys in the strategic investment fund may be utilized to access those federal funds to expand the state's small business financial assistance programs including the self-employment loan program and the targeted small business financial assistance program.

3. The director shall submit annually at a regular or special meeting preceding the beginning of the fiscal year, for approval by the economic development board, the proposed allocation of funds from the strategic investment fund to be made for that fiscal year to the community economic betterment program, the value-added agricultural products and processes financial assistance program, the business development finance corporation, the self-employment loan program, and the targeted small business financial assistance program and for comprehensive management assistance. If funds are available under a federal microloan demonstration program, the director may recommend an allocation for that purpose. The plans may provide for increased or decreased allocations if the demand in a program indicates that the need exceeds the allocation for that program. The director shall report on a monthly basis to the board on the status of the funds and may present proposed revisions for approval by the board in January and April of each year. Unobligated and unencumbered moneys remaining in the strategic investment fund or any of its accounts on June 30 of each year shall be considered part of the fund for purposes of the next year's allocation.

Sec. 19. NEW SECTION. 15.315 COMMUNITY ECONOMIC BETTERMENT PROGRAM.

This part shall be known as the "Community Economic Betterment Program."

Sec. 20. NEW SECTION. 15.316 PURPOSE.

The purpose of this program is to assist communities and rural areas of the state with their economic development efforts and to increase employment opportunities for Iowans by increasing the level of economic activity and development within the state.

Sec. 21. NEW SECTION. 15.317 PROGRAM.

1. The department shall establish a program to effectuate the purposes of this part by providing financial assistance for small business gap financing, new business opportunities, and new product and entrepreneurial development. These purposes may be accomplished by providing the following types of assistance:

- a. A principal buy-down program to reduce the principal of a business loan.
- b. An interest buy-down program to reduce the interest of a business loan.
- c. Loans or forgivable loans to aid in economic development.
- d. Loan guarantees for business loans made by commercial lenders.
- e. Equity-like investments.

2. Only a political subdivision of this state may apply to receive funds for any of the purposes specified in subsection 1. The political subdivision shall make application to the department specifying the purpose for which the funds will be used.

3. The department shall not provide more than one million dollars for any project, unless approved by at least two-thirds of the members of the economic development board.

Sec. 22. NEW SECTION. 15.318 RATING FACTORS AND CRITERIA.

In ranking applications for funds, the department shall consider a variety of factors including, but not limited to, the following:

1. The proportion of local match to be provided.
2. The proportion of private contributions to be provided, including the involvement of financial institutions.
3. The total number of jobs to be created or retained.
4. The size of the business receiving assistance. The department shall award more points to small businesses as defined by the United States small business administration than to other businesses.
5. The potential for future growth in the industry represented by the business being considered for assistance.
6. The need of the business for financial assistance from governmental sources. The department shall award more points to a business for which the department determines that governmental assistance is most necessary to the success of a project, than to other businesses.

7. The quality of the jobs to be created. In rating the quality of the jobs the department shall award more points to those jobs that have a higher wage scale, have a lower turnover rate, are full-time or career-type positions, provide comprehensive health benefits, or have other related factors which could be considered to be higher in quality, than to other jobs. 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.

8. The level of need of the political subdivision.

9. The impact of the proposed project on the economy of the political subdivision.

10. 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.

11. The impact to the state of the proposed project. In measuring the economic impact the department shall award more points for projects which have greater consistency with the state strategic plan than other projects. Greater consistency may include any or all of the following:

- a. A business with a greater percentage of sales out-of-state or of import substitution.
- b. A business with a higher proportion of in-state suppliers.
- c. A project which would provide greater diversification of the state economy.
- d. A business with fewer in-state competitors.

- e. A potential for future job growth.
- f. A project which is not a retail operation.

12. If a 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.

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

14. Whether a business provides for a preference for hiring residents of the state or of the economic development area, except for out-of-state employees offered a transfer to Iowa or to the economic development area.

15. Whether all known required environmental permits have been issued and regulations met before moneys are released.

Sec. 23. NEW SECTION. 15.319 MONITORING OF JOB CREATION AND RETENTION.

1. The department shall develop definitions for the terms "job creation" and "job retention" to measure and identify the actual number of permanent, full-time positions which businesses actually create or retain and which can be documented by comparison of the payroll reports during the twenty-four-month period after awards to the businesses are made.

2. The department shall document the actual job creation and retention effects of all businesses receiving financial assistance from the program in the context of the employer contribution and payroll reports filed by the businesses.

3. The department shall require businesses which receive assistance from the program to submit historical copies of the employer contributions and payroll reports with the application for funds, require businesses to submit the reports after an award is made on a timely basis, and require businesses to estimate the expected job creation and retention effects for the twelve-month and twenty-four-month periods

after an award is made in terms of the number of employees and total wages as documented in the payroll reports.

Sec. 24. NEW SECTION. 15.320 COMMUNITY ECONOMIC BETTERMENT PROGRAM ACCOUNT.

1. A community economic betterment program account is established within the strategic investment fund to be used by the department for the community economic betterment program. The account shall consist of all appropriations, grants, or gifts received by the department specifically for use under this part and any moneys allocated to the community economic betterment program account from the strategic investment fund.

2. Payments of interest, repayments of moneys loaned under the community economic betterment program, or recaptures of awards shall be deposited into the strategic investment fund.

Sec. 25. Section 28.111, subsection 3, unnumbered paragraph 1, Code 1991, is amended to read as follows:

The department of economic development may grant financial or technical assistance to a person eligible to receive assistance under this section, upon review and evaluation of the person's application by the agricultural products advisory council as established in section 15.203. ~~The council shall make recommendations to approve or disapprove an application to the department.~~ The department shall consider the recommendations council's evaluation in granting or denying assistance. The department shall not approve an application for assistance under this section to refinance an existing loan or to finance traditional agricultural operations. An application is eligible for consideration if the application seeks assistance for any of the following purposes:

Sec. 26. Section 28.112, Code Supplement 1991, is amended to read as follows:

28.112 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES FINANCIAL ASSISTANCE PHNB ACCOUNT.

1. ~~The department may establish a~~ A value-added agricultural products and processes financial assistance fund account is established within the strategic investment fund created in section 15.313. The fund account shall be a

revolving-fund composed consist of any money appropriated by the general assembly for that purpose, moneys allocated to the account from the strategic investment fund, and any other moneys available to and obtained or accepted by the department from the federal government or private sources for placement in the fund account. Except as otherwise provided in subsection 2, the assets of the fund account shall be used by the department only for carrying out the purposes of section 28.111.

2. The department may use moneys in the fund account to do any of the following:

a. Contract, sue and be sued, and adopt administrative rules necessary to carry out the provisions of this section and section 28.111, but the department shall not in any manner directly or indirectly pledge the credit of the state.

b. Authorize payment from the fund account for costs, commissions, attorney fees, and other reasonable expenses related to and necessary for insuring or guaranteeing loans under section 28.111, and for the recovery of loan moneys insured or guaranteed or the management of property acquired in connection with such loans.

3. ~~Section 8:33 shall not apply to moneys in the fund:~~ Payments of interest, recaptures of awards, or repayments of moneys loaned under the value-added agricultural products and processes financial assistance program shall be deposited into the strategic investment fund.

Sec. 27. Section 28.148, Code 1991, is amended to read as follows:

28.148 STATE ASSISTANCE FUND.

There is created in the treasurer of state's office a "business development finance corporation assistance fund". The fund shall consist of all appropriations, grants, or gifts received by the treasurer specifically for assistance under this division and moneys allocated from the strategic investment fund created in section 15.313. Moneys in this fund are appropriated to the corporation for the purposes stated in this division. Moneys allocated to this fund for

purposes of the capital access program and repayments of moneys or recaptures of awards from the capital access program which remain unobligated at the end of a fiscal year may be returned to the strategic investment fund upon approval of the board of directors of the business development finance corporation.

Sec. 28. Section 28.156, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 6. Carry out the duties specified in section 28.166 regarding the manufacturing technology program and adopt rules pursuant to chapter 17A for the monitoring and enforcement of contracts awarded to community colleges to carry out the purposes of the program. The foundation may withhold the disbursement of funds for failure to comply with the elements required to be included in the contracts.

Sec. 29. Section 28.158, subsection 1, Code 1991, is amended by adding the following new paragraph:

NEW PARAGRAPH. g. For the manufacturing technology program.

Sec. 30. NEW SECTION. 28.162 IOWA BUSINESS INVESTMENT CORPORATION -- PURPOSE.

1. The purpose of this section is to provide for the incorporation under chapter 504A of a nonprofit corporation to organize, capitalize, and fund an Iowa-based small business investment company which shall have the purpose of increasing the availability of funds for investment in and loans to Iowa small businesses on a regional basis. The small business investment company shall be incorporated under the Iowa law.

2. In addition to the powers granted under chapter 504A, the corporation shall have the power to invest in the small business investment company and to serve as guarantor of the preferred stock of the small business investment company.

In exchange for the guaranty, the corporation shall receive warrants for a percentage of the preferred stock of the small business investment company. The guaranty shall expire ten years after the guaranty agreement is entered into. The corporation shall only be liable as guarantor in the event

that capital replenishment becomes necessary due to federal small business administration requirements or in the event of a capital loss upon liquidation of the small business investment company.

Sec. 31. NEW SECTION. 28.163 BOARD OF DIRECTORS OF CORPORATION.

1. The powers of the corporation are vested in and shall be exercised by the board of directors. The directors shall serve a term of three years. Each term shall begin and end as provided in section 69.19. No more than a simple majority of the members of the board shall belong to the same political party as provided in section 69.16.

2. The board shall consist of three members appointed as follows:

a. One member appointed by the governor or the governor's designee.

b. One member shall be the treasurer of state or the treasurer's designee.

c. One member shall be a private citizen appointed by the legislative council. This member shall be well qualified and shall have at least five years of experience in a responsible position in a business involved in investing in business concerns.

3. The board shall annually elect one member as chairperson and one member as secretary. The board may elect other officers of the corporation as necessary.

4. Each director of the corporation shall take an oath of office which shall be filed in the office of the secretary of state.

Sec. 32. NEW SECTION. 28.164 SMALL BUSINESS INVESTMENT COMPANY.

1. The small business investment company organized pursuant to section 28.162 and this section may make investments in the common and preferred stock of and may make loans to or purchase the debt obligations of Iowa small businesses which are unable to raise equity capital or obtain financing from conventional sources. The criteria for

investment in or loans to Iowa small businesses by the small business investment company shall include geographic distribution, economic diversity, potential for job creation and retention, and potential for long-term success.

2. The small business investment company shall comply with the small business investment company licensing requirements of the federal small business administration.

3. The capital of the small business investment company shall consist of shares sold on a regional basis to banks, insurance companies, finance companies, savings institutions, other corporations, limited liability companies, partnerships, and individuals. For the purposes of section 28.162 the shares acquired by each investor shall be divided equally between common and preferred shares.

4. Applications to the small business investment company for investments and loans shall originate within the regions set out in section 28H.1. For the purposes of this section, Boone, Dallas, Jasper, Marion, Polk, Story, and Warren counties shall constitute a region.

5. The operations of the small business investment company shall be conducted by a private manager contracted for by the board of directors of the company on the basis of the manager's expertise and record in the making or procuring of investments in and loans to small businesses. The small business investment company shall be operated in accordance with federal small business administration regulations.

6. The board of directors of the small business investment company shall consist of not less than seventeen nor more than twenty-one persons who shall be elected by the private shareholders from each of the seventeen regions set out in subsection 4.

7. To qualify for the guaranty under section 28.162, the small business investment company shall satisfy the conditions set out in this section and those of the federal small business administration, provided that federal small business administration requirements shall take precedence over the requirements of this section.

Sec. 33. NEW SECTION. 28.165 PURPOSE -- INTENT.

The purposes of the manufacturing technology program are:

1. To create and stimulate economic opportunity by providing technical assistance to individual industry or to industrial sectors in this state.
2. To assist in the identification of opportunities for modernization and increased competitiveness of individual business or industry or industrial sectors.
3. To assist individual business and industry or industrial sectors to integrate state-of-the-art technologies and processes.
4. To provide specific programs for individual industry or industrial sectors by:
  - a. Developing partnerships and coordination between statewide and regional providers of services for modernization and increased competitiveness for Iowa industry.
  - b. Establishing an industrial contact outreach program to evaluate the need for technical services and implementing an industrial needs assessment database.
  - c. Collaborating with a network of specialized technology resource sites throughout the state.
5. To facilitate the transfer of university research that is available for commercial application to individual industry or industrial sectors.
6. To provide technical assistance to existing individual industry or industrial sectors or nonmanufacturing business regarding available technological and management innovations to improve products, processes, and management systems, including implementation of total quality management methods.

Sec. 34. NEW SECTION. 28.166 REGIONALLY BASED MANUFACTURING TECHNOLOGY PROGRAM.

1. Contingent on the availability of funding from sources other than the general fund of the state or other state funds, the executive director of the foundation shall contract with six or more community colleges for employment of an industrial technology outreach specialist to work with individual industry or industrial sectors to determine company needs and provide technical assistance or referral to services, or to

coordinate with other service providers to determine how services should be accessed or provided. However, if the foundation does not receive funding from other sources, the executive director shall contract with at least four community colleges. The contract shall include but is not limited to the following:

- a. The establishment of an industrial technology outreach program that will identify needs of individual industry or industrial sectors.
- b. Criteria for assuring access to programs and services to assist individual industry or industrial sectors.
- c. An annual budget for operation of the program and activities agreed to in the contract including provisions related to the transfer of funds to the community college, as agreed upon by the president of the community college and the executive director.
- d. Performance measures for quarterly and annual evaluation of the program and activities agreed to in the contract. The foundation may withhold the disbursement of funds for failure to achieve criteria established in the contract.
- e. The duties of the industrial technology outreach specialist.
- f. The provision of technical assistance to existing individual industry or industrial sectors or nonmanufacturing business regarding available technological and management innovations to improve products, processes, and management systems, including implementation of total quality management methods.

2. The foundation may provide or contract for the delivery of technical services to individual industry or industrial sectors.

3. The executive director of the foundation shall issue requests for proposals to the community colleges and shall select the best proposals after considering, among other factors, the geographic distribution of the provision of the program services to areas of the state which do not serve a

city with a population over twenty thousand, the number of small and medium-sized industries within the community college district, and the level of community college interaction with those industries. Community colleges in contiguous regions may submit a joint proposal.

Sec. 35. Section 29C.9, subsections 7 and 8, Code 1991, as amended by 1992 Iowa Acts, Senate File 190, section 10, are amended to read as follows:

7. The commission shall delegate to the emergency management coordinator the authority to fulfill the commission duties as described in the division's administrative rules. Each commission shall appoint a county emergency management coordinator who shall meet the qualifications specified in the administrative rules by the administrator of the emergency management division. However, in counties having a population of twenty-five thousand or less, an emergency management coordinator is not required to meet the qualifications specified by the administrator of the emergency management division. Additional emergency management personnel may be appointed at the discretion of the commission.

8. The commission shall develop, adopt, and submit for approval by local governments within the county, a comprehensive county-wide emergency operations plan which meets standards adopted by the division in accordance with chapter 17A. If an approved comprehensive county-wide emergency operations plan has not been prepared according to established standards and the administrator of the emergency management division finds that satisfactory progress is not being made toward the completion of the plan, or if the administrator finds that a local emergency management commission has failed to appoint a qualified emergency management coordinator as provided in this chapter, the administrator shall notify the governing bodies of the counties and cities affected by the failure and the governing bodies shall not appropriate any moneys to the local emergency management fund until the disaster plan is prepared and approved or a qualified emergency management coordinator is

appointed. If the administrator finds that a city or a county has appointed an unqualified emergency management coordinator, the administrator shall notify the governing body of the city or county citing the qualifications which are not met and the governing body shall not approve the payment of the salary or expenses of the unqualified emergency management coordinator. However, in counties having a population of twenty-five thousand or less, funding sanctions in this subsection based solely on the qualifications of an emergency management coordinator do not apply.

Sec. 36. Section 73.18, Code Supplement 1991, is amended to read as follows:

73.18 NOTICE OF SOLICITATION FOR BIDS -- IDENTIFICATION OF TARGETED SMALL BUSINESSES.

The director of each agency or department, the administrator of each area education agency, the president of each community college, and the superintendent of each school district releasing a solicitation for bids or request for proposal under the targeted small business procurement goal program shall notify the director of the department of economic development consult a directory of certified targeted small businesses produced by the department of economic development that lists all certified targeted small businesses by category of goods or services provided prior to or upon release of the solicitation and shall send a copy of the request for proposal or solicitation to any appropriate targeted small business listed in the directory. The Iowa department of economic development may charge the department, agency, area education agency, community college, or school district a reasonable fee to cover the cost of producing, distributing, and updating the directory. A community college, area education agency, or school district shall notify the department of education which shall notify the department of economic development prior to or upon release of the solicitation. The director of the department of economic development shall notify the soliciting agency or department or community college, area education agency, or school

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~~districts of any targeted small businesses which have been certified pursuant to section 10A.104, subsection 8, and which may be qualified to bid:~~

Sec. 37. Section 99E.31, subsection 2, Code 1991, is amended by striking the subsection.

Sec. 38. Section 99E.32, subsection 2, Code Supplement 1991, is amended by striking the subsection.

Sec. 39. Section 280B.6, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 7. Notwithstanding any other provision of this chapter to the contrary, a community college may use funds available from the retirement of certificates for the purposes of sections 280A.44 and 280A.46 and for economic development purposes. The funds may be used for these purposes for a period of five years following the date a certificate is retired.

Sec. 40. NEW SECTION. 307.41 MAINTENANCE FACILITIES.

The department shall maintain maintenance facilities within the boundaries of every county with a population in excess of eight thousand persons in which the department maintains a maintenance facility as of January 1, 1988.

Sec. 41. Section 121.19, subsection 2, unnumbered paragraph 2, Code 1991, is amended to read as follows:

~~Any person, firm, corporation, or company operating an urban transit system shall pay to the county treasurer annually as a registration fee for each bus, car, or vehicle used in the transportation of passengers, five dollars, which shall be paid into the city general fund. Any urban transit company operated by a municipality is not required to pay such registration fees.~~ The department, in accordance with subsection 1, shall furnish distinguishing plates for vehicles used by urban transit companies operated by a municipality. No other provision of law providing for the payment of taxes, registration, or license fees for vehicles shall be applicable to any bus, car, or vehicle for the transportation of passengers owned and operated by any urban transit company.

Sec. 42. Section 321.22, subsection 4, Code 1991, is amended by striking the subsection.

Sec. 43. Section 368.7, unnumbered paragraphs 2 and 3, as amended by 1992 Iowa Acts, Senate File 2290, section 2, is amended to read as follows:

An application for annexation of territory not within an urbanized area must be approved by resolution of the council which receives the application. In the discretion of a city council, the resolution may include a provision for a transition for the imposition of taxes as provided in section 368.11, subsection 13. Upon receiving approval of the council, the city clerk shall file a copy of the resolution, map, and legal description of the territory involved with the state department of transportation. The city clerk shall also file a copy of the map and resolution with the county recorder and secretary of state. The secretary of state shall not accept and acknowledge a copy of a map and resolution of annexation which would create an island, however, the applicant shall be given an opportunity to amend or correct its application to eliminate any island. The annexation is completed upon acknowledgment by the secretary of state that the secretary of state has received the map and resolution.

An application for annexation of territory within an urbanized area must be approved both by resolution of the council which receives the application and by the board. The board shall not approve an application which creates an island. If the board, committee, or secretary of state determines that granting an application or petition would create an island, or that the application or petition is in violation of a requirement of this chapter, the applicant or petitioner shall be given reasonable opportunity, after notice thereof from the board, committee, or secretary of state, to amend or otherwise correct such application or petition. Notice of the application shall be mailed by certified mail, by the city to which the annexation is directed, at least ten days prior to any action by the city council on the application to the council of each city whose boundary adjoins

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the territory or is within two miles of the territory, to the board of supervisors of each county which contains a portion of the territory, and to the regional planning authority of the territory. Notice of the application shall be published in an official county newspaper in each affected county at least ten days prior to any action by the city council on the application. In the discretion of a city council, the resolution may include a provision for a transition for the imposition of taxes as provided in section 368.11, subsection 13. The annexation is completed when the board has filed copies of applicable portions of the proceedings as required by section 368.20, subsection 2.

Sec. 44. Section 455B.310, subsection 2, paragraph b, subparagraph (1), Code Supplement 1991, is amended to read as follows:

(1) Ten cents per ton per year is appropriated to the department of natural resources to establish a program to provide competitive grants to regional coordinating councils for projects in regional economic development centers related to a by-products and waste exchange system. Grantees under this program shall coordinate activities with other available state or multistate waste exchanges, including but not limited to the by-products and waste search service at the university of northern Iowa. The department shall consult with the department of economic development and the waste reduction center at the university of northern Iowa in establishing criteria for and the awarding of grants under this program. The department of natural resources shall expend not more than thirty thousand dollars of the moneys appropriated under this subparagraph to contract with the by-products and waste search service at the university of northern Iowa to provide training and other technical services to grantees under the program. If regional economic development centers cease to exist, the department shall transfer existing contracts to one or more community colleges or councils of governments and shall revise the criteria and rules for this program to allow community colleges or councils of governments or regional planning councils to be applicants for competitive grants.

Sec. 45. Section 455D.16, Code 1991, is amended to read as follows:

455D.16 PACKAGING PRODUCTS -- RECYCLING -- PROHIBITION OF POLYSTYRENE PRODUCTS.

The department, in cooperation with businesses involved in the manufacturing and use of packaging products or food service items, shall establish a recycling program to increase the recycling of packaging products or food service items by twenty-five percent by ~~January-17-1992~~ July 1, 1993, and by fifty percent by ~~January-17-1993~~ July 1, 1994. If the recycling goals are not reached, beginning January 1, 1994 1995, a person shall not manufacture, offer for sale, sell, or use any polystyrene packaging products or food service items in this state.

Sec. 46. Section 490.1422, subsection 1, unnumbered paragraph 1, Code 1991, is amended to read as follows:

A corporation administratively dissolved under section 490.1421 may apply to the secretary of state for reinstatement within two ten years after the effective date of dissolution. The application must meet all of the following requirements:

Sec. 47. Section 508.10, unnumbered paragraph 2, Code 1991, is amended to read as follows:

An alien insurer, with the approval of the commissioner, may be treated as a domestic insurer of this state in whole or in part, and if so approved is deemed to be organized under the laws of this state and is an Iowa domestic insurer as provided by rules adopted by the commissioner. The approval of the commissioner may be based upon such factors as:

Sec. 48. NEW SECTION. 634.7 PUBLIC GRANTS BY PRIVATE FOUNDATIONS OR TRUSTS.

A grant, by a trust organized and funded prior to January 1, 1992, to which this chapter applies, to the state of Iowa, or a political subdivision, or agency of the state or political subdivision, for purposes of economic development, shall be regarded as a charitable contribution if made prior to January 1, 1994.

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Sec. 49. Notwithstanding the provision in section 15.313 granting the director of the department of economic development discretion in the allocation of the moneys to the various accounts in the strategic investment fund, for the fiscal year beginning July 1, 1992, a minimum of \$500,000 shall be allocated to the targeted small business financial assistance program account and a minimum of \$220,000 shall be allocated to the self-employment loan program account.

Sec. 50. All loan repayments under the rural community 2000 program shall be transferred to the Iowa finance authority housing improvement fund under section 220.100.

Sec. 51. Sections 15.301 through 15.307, Code 1991, are repealed.

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ROBERT C. ARNOULD  
Speaker of the House

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MICHAEL E. GRONSTAL  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2462, Seventy-fourth General Assembly.

*Stamets*  
Approved June 3, 1992

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JOSEPH O'HERN  
Chief Clerk of the House

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TERRY E. BRANSTAD  
Governor