

(P.830) 3/24/94 Senate Small Business
(P.839) 3/24/94 Senate - Do Pass

HOUSE FILE 2403

BY COMMITTEE ON SMALL BUSINESS,
ECONOMIC DEVELOPMENT AND TRADE

MAR 10 1994

Place On Calendar

(SUCCESSOR TO HF 2320)

Passed House ^(P.870) Date 3/24/94 Passed Senate ^(P.965) Date 3/31/94
Vote: Ayes 96 Nays 2 Vote: Ayes 50 Nays 0
Approved April 14, 1994

A BILL FOR

1 An Act relating to direct purchasing from vendors for the purpose
2 of attaining targeted small business procurement goals.

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

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HF 2403

1 Section 1. Section 10A.104, subsection 8, Code Supplement
2 1993, is amended to read as follows:

3 8. Establish by rule standards and procedures for
4 certifying that targeted small businesses are eligible to
5 participate in the procurement set-aside program and that
6 small businesses are eligible to participate in the
7 construction procurement set-aside program established in
8 sections 73.15 through 73.21. The procedure for determination
9 of eligibility shall not include self-certification by a
10 business. Rules and guidelines adopted pursuant to this
11 subsection are subject to review and approval by the director
12 of the department of management. The director shall maintain
13 a current directory of targeted small businesses which have
14 been certified pursuant to this subsection.

15 Sec. 2. Section 15.102, subsection 5, Code 1993, is
16 amended to read as follows:

17 5. a. "Targeted small business" means a small business
18 which is fifty-one percent or more owned, operated, and
19 actively managed by one or more women, or minority persons, or
20 persons with a disability provided the business meets all of
21 the following requirements:

22 a. (1) Is located in this state.

23 b. (2) Is operated for profit.

24 c. (3) Has an annual gross income of less than three
25 million dollars computed as an average of the three preceding
26 fiscal years.

27 b. As used in this subsection:

28 (1) "~~minority~~ Minority person" means an individual who is
29 a Black, Hispanic, Asian or Pacific Islander, American Indian,
30 or Alaskan native American.

31 (2) "Disability" means, with respect to an individual, a
32 physical or mental impairment that substantially limits one or
33 more of the major life activities of the individual, a record
34 of physical or mental impairment that substantially limits one
35 or more of the major life activities of the individual, or

1 being regarded as an individual with a physical or mental
2 impairment that substantially limits one or more of the major
3 life activities of the individual. "Disability" does not
4 include any of the following:

5 (a) Homosexuality or bisexuality.

6 (b) Transvestitism, transsexualism, pedophilia,
7 exhibitionism, voyeurism, gender identify disorders not
8 resulting from physical impairments, or other sexual behavior
9 disorders.

10 (c) Compulsive gambling, kleptomania, or pyromania.

11 (d) Psychoactive substance abuse disorders resulting from
12 current illegal use of drugs.

13 (3) "Major life activity" includes functions such as
14 caring for one's self, performing manual tasks, walking,
15 seeing, hearing, speaking, breathing, learning, or working.

16 Sec. 3. Section 18.6, subsection 8, unnumbered paragraph
17 1, Code 1993, is amended to read as follows:

18 The director shall establish rules providing that any state
19 agency may, upon request, purchase directly from a vendor if
20 the direct purchasing is as economical or more economical than
21 purchasing through the department, ~~or-upon-a-showing-that~~
22 ~~direct-purchasing-by-the-state-agency-would-be-in-the-best~~
23 ~~interests-of-the-state-due-to-an-immediate-or-emergency-need~~
24 and if the purchase will not exceed five thousand dollars and
25 the purchase will contribute to the agency's complying with or
26 exceeding the targeted small business procurement goals under
27 sections 73.15 through 73.21.

28 Sec. 4. Section 73.16, subsection 2, Code 1993, is amended
29 by adding the following new unnumbered paragraph:

30 NEW UNNUMBERED PARAGRAPH. Of the total value of
31 anticipated procurements of goods and services under this
32 subsection, an additional goal shall be established to procure
33 at least forty-five percent from minority-owned businesses,
34 forty-five percent from female-owned businesses, and ten
35 percent from businesses owned by persons with a disability.

1 Sec. 5. Section 73.16, Code 1993, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 3. The director of each agency or
4 department of state government having purchasing authority
5 shall establish a procurement set-aside from certified small
6 businesses identified pursuant to section 10A.104, subsection
7 8, of at least three percent of the value of anticipated
8 construction contracts each fiscal year. The director of each
9 department and agency of state government shall cooperate with
10 the director of the department of inspections and appeals, the
11 director of the department of economic development, and the
12 director of the department of management and do all acts
13 necessary to carry out the provisions of this division. For
14 purposes of this subsection, "small business" means as defined
15 in section 15.102.

16 EXPLANATION

17 This bill provides that a state agency may purchase, upon
18 request, up to \$5,000 of goods or services from a targeted
19 small business if it shows that purchasing direct from the
20 targeted small business will help the agency attain or exceed
21 its targeted small business procurement goal.

22 The bill also provides that the director of the department
23 of inspection and appeals shall establish rules to provide
24 that small businesses are eligible to participate in the
25 construction procurement set-aside program. The bill also
26 provides that a business owned by a person with a disability
27 can constitute a targeted small business. The bill then
28 defines a person with a disability.

29 The bill provides that state agencies, in satisfying their
30 targeted small business procurement goal, shall attempt to
31 make 45 percent of their procurements from minority-owned
32 businesses, 45 percent from female-owned businesses, and 10
33 percent from businesses owned by a person with a disability.
34 The bill also provides a procurement set-aside for state
35 agencies from certain certified small businesses for

- 1 construction contracts.
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HOUSE FILE 2403

BY COMMITTEE ON SMALL BUSINESS,
ECONOMIC DEVELOPMENT AND TRADE

(SUCCESSOR TO HF 2320)

(As Amended and Passed by the House March 24, 1994)

Passed House, ^(P.1276) Date 4-8-94 Passed Senate, ^(P.965) Date 3/31/94
Vote: Ayes 96 Nays 0 Vote: Ayes 50 Nays 0
Approved April 14, 1994

A BILL FOR

1 An Act relating to direct purchasing from vendors for the purpose
2 of attaining targeted small business procurement goals.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4

HOUSE FILE 2403

S-5388

- 1 Amend House File 2403, as amended, passed, and
2 reprinted by the House, as follows:
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- A 3 1. Page 3, by inserting after line 11 the
4 following:
5 "Sec. ____ . Section 15E.158, subsection 1, Code
6 1993, is amended by adding the following new
7 paragraph:
8 NEW PARAGRAPH. h. For high technology
9 apprenticeship programs at community colleges."
-
- B 10 2. By striking page 3, line 33 through page 4,
11 line 12.
-
- A 12 3. Title, line 2, by inserting after the word
13 "goals" the following: ", and authorizing the funding
14 of apprenticeship programs by the Wallace technology
15 transfer foundation".
16 4. By renumbering as necessary.

By JIM RIORDAN

S-5388 FILED MARCH 31, 1994
DIVISION A-WITHDRAWN, DIVISION B-ADOPTED

1 Section 1. Section 10A.104, subsection 8, Code Supplement
2 1993, is amended to read as follows:

3 8. Establish by rule standards and procedures for
4 certifying that targeted small businesses are eligible to
5 participate in the procurement set-aside program and that
6 small businesses are eligible to participate in the
7 construction procurement set-aside program established in
8 sections 73.15 through 73.21. The procedure for determination
9 of eligibility shall not include self-certification by a
10 business. Rules and guidelines adopted pursuant to this
11 subsection are subject to review and approval by the director
12 of the department of management. The director shall maintain
13 a current directory of targeted small businesses which have
14 been certified pursuant to this subsection.

15 Sec. 2. Section 15.102, subsection 5, Code 1993, is
16 amended to read as follows:

17 5. a. "Targeted small business" means a small business
18 which is fifty-one percent or more owned, operated, and
19 actively managed by one or more women, or minority persons, or
20 persons with a disability provided the business meets all of
21 the following requirements:

- 22 a- (1) Is located in this state.
- 23 b- (2) Is operated for profit.
- 24 c- (3) Has an annual gross income of less than three
25 million dollars computed as an average of the three preceding
26 fiscal years.

27 b. As used in this subsection:

28 (1) "minority "Minority person" means an individual who is
29 a Black, Hispanic, Asian or Pacific Islander, American Indian,
30 or Alaskan native American.

31 (2) "Disability" means, with respect to an individual, a
32 physical or mental impairment that substantially limits one or
33 more of the major life activities of the individual, a record
34 of physical or mental impairment that substantially limits one
35 or more of the major life activities of the individual, or

1 being regarded as an individual with a physical or mental
2 impairment that substantially limits one or more of the major
3 life activities of the individual. "Disability" does not
4 include any of the following:

5 (a) Homosexuality or bisexuality.

6 (b) Transvestitism, transsexualism, pedophilia,
7 exhibitionism, voyeurism, gender identify disorders not
8 resulting from physical impairments, or other sexual behavior
9 disorders.

10 (c) Compulsive gambling, kleptomania, or pyromania.

11 (d) Psychoactive substance abuse disorders resulting from
12 current illegal use of drugs.

13 (3) "Major life activity" includes functions such as
14 caring for one's self, performing manual tasks, walking,
15 seeing, hearing, speaking, breathing, learning, or working.

16 Sec. 3. Section 15.241, unnumbered paragraphs 1, 2, and 4,
17 Code 1993, are amended to read as follows:

18 A "self-employment loan program account" is established
19 within the strategic investment fund created in section 15.313
20 to provide funding for the self-employment loan program which
21 is to be conducted in coordination with the job training
22 partnership program and other programs administered under
23 section 15.108, subsection 6, paragraph "c". The department
24 may contract with local community action agencies or other
25 local entities in administering the program, and shall work
26 with the department of employment services and the department
27 of human services in developing the program. The department
28 shall cooperate with the division of vocational rehabilitation
29 under the department of education to implement a business
30 development initiative for entrepreneurs with disabilities.

31 The self-employment loan program shall administer a low-
32 interest loan program to provide loans to low-income persons
33 and persons with disabilities for the purpose of establishing
34 or expanding small business ventures. The terms of the loans
35 shall be determined by the department, but shall not be in

1 excess of ten thousand dollars to any single applicant or at a
2 rate to exceed five percent simple interest per annum. The
3 department shall maintain records of all loans approved and
4 the effectiveness of those loans in establishing or expanding
5 small business ventures.

6 Payments of interest, recaptures of awards, and repayments
7 of moneys loaned under this program shall be deposited into
8 the strategic investment fund. Receipts from loans or grants
9 under the business development initiative for entrepreneurs
10 with disabilities may be maintained in a separate account
11 within the fund.

12 Sec. 4. Section 18.6, subsection 8, unnumbered paragraph
13 1, Code 1993, is amended to read as follows:

14 The director shall establish rules providing that any state
15 agency may, upon request, purchase directly from a vendor if
16 the direct purchasing is as economical or more economical than
17 purchasing through the department, or upon a showing that
18 direct purchasing by the state agency would be in the best
19 interests of the state due to an immediate or emergency need.
20 The rules shall include a provision permitting a state agency
21 to purchase directly from a vendor, on the agency's own
22 authority, if the purchase will not exceed five thousand
23 dollars and the purchase will contribute to the agency
24 complying with or exceeding the targeted small business
25 procurement goals under sections 73.15 through 73.21.

26 Sec. 5. Section 73.16, subsection 2, Code 1993, is amended
27 by adding the following new unnumbered paragraph:

28 NEW UNNUMBERED PARAGRAPH. Of the total value of
29 anticipated procurements of goods and services under this
30 subsection, an additional goal shall be established to procure
31 at least forty percent from minority-owned businesses, and
32 forty percent from female-owned businesses.

33 Sec. 6. Section 73.16, Code 1993, is amended by adding the
34 following new subsection:

35 NEW SUBSECTION. 3. The director of each agency or

1 department of state government having purchasing authority
2 shall establish a procurement set-aside from certified small
3 businesses identified pursuant to section 10A.104, subsection
4 8, of at least three percent of the value of anticipated
5 construction contracts each fiscal year. The director of each
6 department and agency of state government shall cooperate with
7 the director of the department of inspections and appeals, the
8 director of the department of economic development, and the
9 director of the department of management and do all acts
10 necessary to carry out the provisions of this division. For
11 purposes of this subsection, "small business" means as defined
12 in section 15.102.

13 Sec. 7. ENTREPRENEURS WITH DISABILITIES. From the moneys
14 appropriated for small business programs in House File 2415,
15 section 1, subsection 2, paragraph "b", if enacted, to the
16 business development division of the department of economic
17 development, \$40,000 shall be used to match federal funds to
18 design and implement a business development initiative for
19 entrepreneurs with disabilities. The business development
20 division shall develop a program to provide technical and
21 financial assistance to help persons with disabilities to
22 become self-sufficient and create additional employment
23 opportunities by establishing or expanding small business
24 ventures. The division shall enter into an interagency
25 agreement with the division of vocational rehabilitation of
26 the department of education to implement the program. The
27 purpose of the interagency agreement is to strengthen initial
28 placements and long-term successes of individuals with
29 disabilities through self-employment, by combining the
30 business expertise of the department of economic development
31 with the experience of the division of vocational
32 rehabilitation of the department of education in working with
33 people with disabilities. The business development division
34 shall design the program to make the maximum amount of
35 resources expended by the business development of the

1 department of economic development eligible for federal
2 reimbursement.

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HOUSE FILE 2403

5658

Amend House File 2403 as follows:

1. Page 2, by inserting after line 15 the following:

"Sec. _____. Section 15.241, unnumbered paragraphs 1, 2, and 4, Code 1993, are amended to read as follows:

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 department shall cooperate with the division of vocational rehabilitation under the department of education to implement a business development initiative for entrepreneurs with disabilities.

The self-employment loan program shall administer a low-interest loan program to provide loans to low-income persons and persons with disabilities 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 ten thousand dollars to any single applicant or at a rate to exceed five percent simple interest per annum. The department shall maintain records of all loans approved and the effectiveness of those loans in establishing or expanding small business ventures.

Payments of interest, recaptures of awards, and repayments of moneys loaned under this program shall be deposited into the strategic investment fund. Receipts from loans or grants under the business development initiative for entrepreneurs with disabilities may be maintained in a separate account within the fund."

2. Page 2, by striking lines 21 through 27 and inserting the following: "purchasing through the department, or upon a showing that direct purchasing by the state agency would be in the best interests of the state due to an immediate or emergency need. The rules shall include a provision permitting a state agency to purchase directly from a vendor, on the agency's own authority, if the purchase will not exceed five thousand dollars and the purchase will contribute to the agency complying with or exceeding

H-5658

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H-5658

Page 2

1 the targeted small business procurement goals under
2 sections 73.15 through 73.21."

3 3. Page 2, line 33, by striking the words "forty-
4 five" and inserting the following: "forty".

5 4. Page 2, by striking lines 34 and 35 and
6 inserting the following: "and forty percent from
7 female-owned businesses."

8 5. Page 3, by inserting after line 15 the
9 following:

10 "Sec. ____ . ENTREPRENEURS WITH DISABILITIES. From
11 the moneys appropriated for small business programs in
12 House File 2415, section 1, subsection 2, paragraph
13 "b", if enacted, to the business development division
14 of the department of economic development, \$40,000
15 shall be used to match federal funds to design and
16 implement a business development initiative for
17 entrepreneurs with disabilities. The business
18 development division shall develop a program to
19 provide technical and financial assistance to help
20 persons with disabilities to become self-sufficient
21 and create additional employment opportunities by
22 establishing or expanding small business ventures.
23 The division shall enter into an interagency agreement
24 with the division of vocational rehabilitation of the
25 department of education to implement the program. The
26 purpose of the interagency agreement is to strengthen
27 initial placements and long-term successes of
28 individuals with disabilities through self-employment,
29 by combining the business expertise of the department
30 of economic development with the experience of the
31 division of vocational rehabilitation of the
32 department of education in working with people with
33 disabilities. The business development division shall
34 design the program to make the maximum amount of
35 resources expended by the business development of the
36 department of economic development eligible for
37 federal reimbursement."

38 6. By renumbering, relettering, or redesignating
39 and correcting internal references as necessary.

By BAKER of Polk

H-5658 FILED MARCH 23, 1994

Adopted 3/24/94 (p. 870)

SENATE AMENDMENT TO HOUSE FILE 2403

H-5918

1 Amend House File 2403, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking page 3, line 33 through page 4,
4 line 12.

5 2. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-5918 FILED APRIL 4, 1994

House concurred
4-8-94
(p. 1276)

HOUSE FILE 2403

AN ACT

RELATING TO DIRECT PURCHASING FROM VENDORS FOR THE PURPOSE OF
ATTAINING TARGETED SMALL BUSINESS PROCUREMENT GOALS.

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

Section 1. Section 10A.104, subsection 8, Code Supplement 1993, is amended to read as follows:

8. Establish by rule standards and procedures for certifying that targeted small businesses are eligible to participate in the procurement set-aside program and that small businesses are eligible to participate in the construction procurement set-aside program established in sections 73.15 through 73.21. The procedure for determination of eligibility shall not include self-certification by a business. Rules and guidelines adopted pursuant to this subsection are subject to review and approval by the director of the department of management. The director shall maintain a current directory of targeted small businesses which have been certified pursuant to this subsection.

Sec. 2. Section 15.102, subsection 5, Code 1993, is amended to read as follows:

5. a. "Targeted small business" means a small business which is fifty-one percent or more owned, operated, and actively managed by one or more women, or minority persons, or

persons with a disability provided the business meets all of the following requirements:

a. (1) Is located in this state.

b. (2) Is operated for profit.

c. (3) Has an annual gross income of less than three million dollars computed as an average of the three preceding fiscal years.

b. As used in this subsection:

(1) "minority" "Minority person" means an individual who is a Black, Hispanic, Asian or Pacific Islander, American Indian, or Alaskan native American.

(2) "Disability" means, with respect to an individual, a physical or mental impairment that substantially limits one or more of the major life activities of the individual, a record of physical or mental impairment that substantially limits one or more of the major life activities of the individual, or being regarded as an individual with a physical or mental impairment that substantially limits one or more of the major life activities of the individual. "Disability" does not include any of the following:

(a) Homosexuality or bisexuality.

(b) Transvestitism, transsexualism, pedophilia, exhibitionism, voyeurism, gender identify disorders not resulting from physical impairments, or other sexual behavior disorders.

(c) Compulsive gambling, kleptomania, or pyromania.

(d) Psychoactive substance abuse disorders resulting from current illegal use of drugs.

(3) "Major life activity" includes functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, or working.

Sec. 3. Section 15.241, unnumbered paragraphs 1, 2, and 4, Code 1993, are amended to read as follows:

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 department shall cooperate with the division of vocational rehabilitation under the department of education to implement a business development initiative for entrepreneurs with disabilities.

The self-employment loan program shall administer a low-interest loan program to provide loans to low-income persons and persons with disabilities 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 ten thousand dollars to any single applicant or at a rate to exceed five percent simple interest per annum. The department shall maintain records of all loans approved and the effectiveness of those loans in establishing or expanding small business ventures.

Payments of interest, recaptures of awards, and repayments of moneys loaned under this program shall be deposited into the strategic investment fund. Receipts from loans or grants under the business development initiative for entrepreneurs with disabilities may be maintained in a separate account within the fund.

Sec. 4. Section 18.6, subsection 8, unnumbered paragraph 1, Code 1993, is amended to read as follows:

The director shall establish rules providing that any state agency may, upon request, purchase directly from a vendor if the direct purchasing is as economical or more economical than purchasing through the department, or upon a showing that direct purchasing by the state agency would be in the best interests of the state due to an immediate or emergency need.

The rules shall include a provision permitting a state agency to purchase directly from a vendor, on the agency's own authority, if the purchase will not exceed five thousand dollars and the purchase will contribute to the agency complying with or exceeding the targeted small business procurement goals under sections 73.15 through 73.21.

Sec. 5. Section 73.16, subsection 2, Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Of the total value of anticipated procurements of goods and services under this subsection, an additional goal shall be established to procure at least forty percent from minority-owned businesses, and forty percent from female-owned businesses.

Sec. 6. ENTREPRENEURS WITH DISABILITIES. From the moneys appropriated for small business programs in House File 2415, section 1, subsection 2, paragraph "b", if enacted, to the business development division of the department of economic development, \$40,000 shall be used to match federal funds to design and implement a business development initiative for entrepreneurs with disabilities. The business development division shall develop a program to provide technical and financial assistance to help persons with disabilities to become self-sufficient and create additional employment opportunities by establishing or expanding small business ventures. The division shall enter into an interagency agreement with the division of vocational rehabilitation of the department of education to implement the program. The purpose of the interagency agreement is to strengthen initial placements and long-term successes of individuals with disabilities through self-employment, by combining the business expertise of the department of economic development with the experience of the division of vocational rehabilitation of the department of education in working with people with disabilities. The business development division shall design the program to make the maximum amount of

resources expended by the business development of the department of economic development eligible for federal reimbursement.

HAROLD VAN MAANEN
Speaker of the House

LEONARD L. BOSWELL
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2403, Seventy-fifth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved April 14, 1994

TERRY E. BRANSTAD
Governor