

MAR 10 1995

HOUSE FILE 378

ECONOMIC DEVELOPMENT

BY DODERER

(COMPANION TO LSB 2443SS BY HANSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act establishing a microenterprise development Act.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 378

1 Section 1. NEW SECTION. 15.338 SHORT TITLE.

2 This part shall be known as the "Microenterprise
3 Development Act".

4 Sec. 2. NEW SECTION. 15.339 POLICY AND ESTABLISHMENT OF
5 PROGRAM.

6 It shall be the policy of the state to foster and encourage
7 the upward social and economic mobility of disadvantaged
8 individuals as part of the state's overall economic
9 development strategy. It shall also be the policy of the
10 state to encourage public and private cooperation between
11 social services and economic development initiatives which
12 empower individuals to be self-sufficient and provide economic
13 and social stability to local communities. Therefore, a
14 statewide microenterprise development program is established
15 to encourage and assist in the creation, development, and
16 financing of microbusinesses.

17 Sec. 3. NEW SECTION. 15.340 DEFINITIONS.

18 1. "Microbusiness or microbusiness enterprise" means a
19 business producing goods or providing services with ten or
20 fewer full-time equivalent employee positions including the
21 employer and with asset requirements of up to twenty-five
22 thousand dollars.

23 2. "Microenterprise organization" means a nonprofit
24 corporation organized under chapter 504A and which is exempt
25 from taxation pursuant to section 501(c), of the Internal
26 Revenue Code, the principal mission of which is to be actively
27 engaged in microbusiness development, training, technical
28 assistance, and providing access to capital for the start-up
29 or expansion of microbusinesses.

30 Sec. 4. NEW SECTION. 15.341 ELIGIBILITY CRITERIA.

31 1. A microenterprise organization may apply to the
32 department for grants to fund a microenterprise development
33 program. The department shall develop criteria for awarding
34 grants including at least the following:

35 a. Past performance of the organization and demonstrated

- 1 capacity to successfully engage in microbusiness development
2 projects.
- 3 b. Demonstrated or potential ability to obtain grant funds
4 locally for microbusiness projects.
- 5 c. The organization's strategy for microbusiness
6 development in its community or service region.
- 7 d. A reasonable limitation on the amount of grant funds
8 which may be spent on administrative expenses by the
9 organization.
- 10 e. Providing training and technical assistance.
- 11 f. Demonstrated ability to provide follow-up technical
12 assistance after business startup or expansion.
- 13 g. Demonstrated ability to provide access to capital for
14 start-up or expansion of microbusinesses.
- 15 h. A statewide commitment to and focus on microbusiness
16 development.
- 17 2. The department shall also develop reporting
18 requirements for the microenterprise organization.

19 EXPLANATION

20 This bill establishes an Iowa microenterprise development
21 Act. The program created by the Act is intended to assist
22 individuals in starting or expanding microbusinesses and is to
23 be administered by the department of economic development.

24 The bill defines microbusiness or microbusiness enterprise
25 as a business producing goods or providing services employing
26 up to 10 full-time equivalent employee positions and having
27 capital requirements of \$25,000 or less. The bill also
28 provides criteria for determining whether a microenterprise
29 organization is eligible for funds under the program.

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