

3/22/95 approp.

MAR 16 1995
Place On Calendar

HOUSE FILE 472
BY COMMITTEE ON ECONOMIC
DEVELOPMENT

(SUCCESSOR TO HSB 214)

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

A BILL FOR

1 An Act establishing the Iowa hope loan program, creating an Iowa
2 hope loan fund, allocating gaming revenues and making an
3 appropriation, and providing for other properly related
4 matters.

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

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HOUSE FILE 472

H-3680

1 Amend House File 472 as follows:

- 2 1. Page 1, by striking lines 1 through 34.
- 3 2. Page 4, by striking lines 15 through 19.
- 4 3. Title page, lines 2 and 3, by striking the
- 5 words "allocating gaming revenues and making an
- 6 appropriation,".
- 7 4. By renumbering as necessary.

By McCoy of Polk

H-3680 FILED APRIL 3, 1995

HF 472

1 Section 1. Section 99D.17, Code 1995, is amended to read
2 as follows:

3 99D.17 USE OF FUNDS.

4 Funds Except as provided in section 261.17A, subsection 8,
5 funds received pursuant to sections 99D.14 and 99D.15 shall be
6 deposited in the general fund of the state and shall be
7 subject to the requirements of section 8.60. These funds
8 shall first be used to the extent appropriated by the general
9 assembly. The commission is subject to the budget
10 requirements of chapter 8 and the applicable auditing
11 requirements and procedures of chapter 11.

12 Sec. 2. Section 99F.4, subsection 2, Code 1995, is amended
13 to read as follows:

14 2. To license qualified sponsoring organizations, to
15 license the operators of excursion gambling boats, to identify
16 occupations within the excursion gambling boat operations
17 which require licensing, and to adopt standards for licensing
18 the occupations including establishing fees for the
19 occupational licenses and licenses for qualified sponsoring
20 organizations. The fees shall be paid to the commission and
21 deposited in the general fund of the state. All revenue
22 received by the commission under this chapter from license
23 fees and admission fees, except for those revenues deposited
24 in the Iowa hope loan revolving fund as provided in section
25 261.17A, subsection 8, shall be deposited in the general fund
26 of the state and shall be subject to the requirements of
27 section 8.60.

28 Sec. 3. Section 99F.11, subsection 4, Code 1995, is
29 amended to read as follows:

30 4. The Except for those revenues deposited in the Iowa
31 hope loan revolving fund as provided in section 261.17A,
32 subsection 8, the remaining amount of the adjusted gross
33 receipts tax shall be credited to the general fund of the
34 state.

35 Sec. 4. NEW SECTION. 261.17A IOWA HOPE LOAN PROGRAM.

1 1. An Iowa hope loan may be awarded to a resident of Iowa
2 who is admitted and in attendance as a student in a
3 vocational-technical or career option program in a community
4 college in the state, whose financial resources are no more
5 than twenty percent above the eligibility level for a Pell
6 grant, and who is working toward certification, a diploma, or
7 a degree in a skilled occupation. In addition, an eligible
8 applicant shall have obtained the bona fide intent of a
9 company operating in Iowa to employ the applicant upon the
10 applicant's attainment of a certificate, diploma, or degree,
11 or shall be currently employed by a company operating in Iowa
12 that has expressed a bona fide intent to advance the employee
13 in employment upon the employee's attainment of a certificate,
14 diploma, or degree.

15 2. A student who meets the qualifications of subsection 1
16 may receive Iowa hope loans for not more than the equivalent
17 of two full years of study. A student shall not receive
18 assistance for courses for which credit was previously
19 received.

20 3. The amount of an Iowa hope loan shall not exceed the
21 cost of tuition, fees, and books required for the community
22 college program in which the student is enrolled and attends.
23 As used in this paragraph, "books" may also include book
24 substitutes, including reusable workbooks, loose-leaf or bound
25 manuals, and computer software materials used as book
26 substitutes. If a student receives financial aid under any
27 other program, the full amount of that financial aid shall be
28 considered part of the student's financial resources available
29 in determining the amount of the Iowa hope loan.

30 4. An Iowa hope loan shall be awarded on an annual basis,
31 requiring reapplication by the student for each year.
32 Payments under the loan shall be allocated equally among the
33 semesters or quarters of the year upon certification by the
34 community college that the student is in attendance in a
35 vocational-technical or career option program, as defined

1 under rules of the department of education. If the student
2 discontinues attendance before the end of any term after the
3 community college receives payment from the loan, the entire
4 amount of any refund due that student, up to the amount of any
5 payments made to the community college from the annual loan,
6 shall be paid by the community college to the state.

7 5. The commission shall administer this program and shall
8 do all of the following:

9 a. Provide application forms for distribution to students
10 by Iowa high schools and community colleges.

11 b. Adopt rules for determining financial need, requiring
12 that no interest be charged for an Iowa hope loan, defining
13 residence for the purposes of this section, processing and
14 approving applications for grants, determining priority for
15 loans, and establishing procedures for the repayment of the
16 loan. The repayment schedule shall commence not less than six
17 months after the loan recipient successfully completes the
18 program and is awarded a certificate, a diploma, or a degree
19 in a skilled occupation. The repayment schedule may be
20 suspended if the loan recipient is a full-time student in an
21 accredited postsecondary institution.

22 c. Approve and award loans on an annual basis. A student
23 approved for a loan under the program shall enter into a
24 payment agreement with the commission before receiving a loan
25 under the program.

26 d. Make an annual report to the governor and general
27 assembly.

28 6. Each applicant, in accordance with the rules
29 established by the commission, shall do all of the following:

30 a. Complete and file an application for an Iowa hope loan.

31 b. Be responsible for the submission of the financial
32 information provided for evaluation of the applicant's need
33 for a loan, on forms provided by the commission.

34 c. Report promptly to the commission any necessary
35 information requested by the commission.

1 d. Submit a new application and financial statement for
2 reevaluation of the applicant's eligibility to receive a
3 second-year renewal of the loan.

4 7. An Iowa hope loan revolving fund is created in the
5 state treasury as a separate fund under the control of the
6 commission. All moneys deposited or paid into the fund are
7 appropriated and made available to the college student aid
8 commission to be used for loans as provided in this section.
9 The commission shall deposit payments made by Iowa hope loan
10 recipients into the Iowa hope loan fund. Notwithstanding
11 section 8.33, any balance in the fund on June 30 of each
12 fiscal year shall not revert to the general fund of the state,
13 but shall be available for the purposes of this section in
14 subsequent fiscal years.

15 8. Notwithstanding sections 99D.17, 99F.4, and 99F.11, in
16 each fiscal year, state revenues received pursuant to chapters
17 99D and 99F that exceed state revenues received from those
18 sources in the fiscal year ending June 30, 1994, shall be
19 deposited in the Iowa hope loan fund.

20 EXPLANATION

21 This bill establishes the Iowa hope loan program, creates
22 an Iowa hope loan revolving fund, and requires that pari-
23 mutuel wagering and excursion boat and racetrack revenues
24 received by the state, which exceed state revenues received
25 from those sources in the fiscal year ending June 30, 1994, be
26 deposited in the Iowa hope loan revolving fund for use by the
27 college student aid commission for purposes of the Iowa hope
28 loan program.

29 An Iowa hope loan may be awarded to an Iowa resident who is
30 admitted and in attendance as a student in a vocational-
31 technical or career option program in a community college in
32 the state, whose financial resources are no more than 20
33 percent above the eligibility level for a Pell grant, and who
34 is working toward certification, a diploma, or a degree in a
35 skilled occupation. The bill requires that an eligible

1 applicant shall have obtained the bona fide intent of a
2 company operating in Iowa to employ the applicant or shall be
3 currently employed by a company operating in Iowa that has
4 expressed a bona fide intent to employ the applicant upon the
5 attainment of a certificate, diploma, or degree. The amount
6 of an Iowa hope loan shall not exceed the cost of tuition,
7 fees, and books required for the program in which the student
8 is enrolled. A student's Iowa hope loan is to supplement, not
9 supplant, any other financial aid the student receives.

10 An Iowa hope loan is awarded annually. If the student
11 discontinues attendance before the end of any term after
12 receiving payment of the loan, the entire amount of any refund
13 due that student, up to the amount of any payments made under
14 the annual loan, shall be paid by the institution to the
15 state.

16 The college student aid commission shall administer the
17 Iowa hope loan program. The bill requires the commission to
18 make an annual report to the governor and general assembly,
19 and adopt rules for determining financial need, requiring that
20 no interest be charged for an Iowa hope loan, defining
21 residence for the purposes of the program, processing and
22 approving applications for loans, determining priority for
23 loans, and establishing procedures for repayment of a loan.

24 The bill also creates the Iowa hope loan revolving fund in
25 the state treasury. Each fiscal year, state revenues received
26 pursuant to chapters 99D and 99F of the Code, relating to
27 pari-mutuel wagering and excursion boats and racetracks, that
28 exceed state revenues received from those sources in the
29 fiscal year ending June 30, 1994, shall be deposited in the
30 Iowa hope loan revolving fund, along with the payments made by
31 Iowa hope loan recipients, and made available to the
32 commission for the purposes of the Iowa hope loan program.
33 Any balance in the fund on June 30 of each year shall not
34 revert but shall be available for purposes of the program.

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**HOUSE FILE 472
FISCAL NOTE**

A fiscal note for House File 472 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 472 establishes an Iowa Hope Loan Program, creates a Hope Loan Fund, and allocates certain game revenues.

ASSUMPTIONS:

1. The number of community college students eligible for the Program would be 4,000 each year. These would meet the financial need criteria, have the required job offer or be employed with the required advancement in employment, and agree to repay the loan.
2. The amount of funds for each student to obtain a loan for tuition, books, and fees would be the current average at community colleges for students enrolled in a vocational-technical program or a career option program, or \$2,931 annually.
3. Between FY 1996 and FY 1997, the tuition, books, and fees average cost would increase by 5.0%.
4. One half of the students receiving the loan in FY 1996 would be second-year students at community colleges, and one-half of those would continue in a postsecondary school. The other half (1,000 students) would be employed and begin repaying the loan in FY 1997, after the six-month reprieve. The monthly payment is not specified, but assuming that it is \$50 per month, the FY 1997 moneys returned to the Fund from students would be \$300,000. Using the same assumptions would provide a return of \$900,000 in FY 1998.
5. The FY 1994 revenues from pari-mutuel wagering, excursion boats, and racetracks were \$10.2 million. The FY 1996 revenues are estimated to be \$61.0 million, resulting in revenues deposited in the Loan Fund of \$50.8 million annually.
6. The College Student Aid Commission would require an administrative assistant position for the Program, at an estimated annual cost of \$36,389. However, all moneys in the Loan Fund are to be used only for loans.

FISCAL EFFECT:

House File 472 is estimated to cost \$11,724,000 in FY 1996 and \$12,304,000 in FY 1997, with available revenues of \$50.8 million. The actual annualized need

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would decrease in future years, as revenues from repayment of the loans would
be used for loans. (LSB 2175hv, SLL)

FILED MARCH 20, 1995

BY DENNIS PROUTY, FISCAL DIRECTOR

McCoy, Chair
Larson
Cormack
Nelson, B.
Baker

HSB 214

ECONOMIC DEVELOPMENT

Succeeded By

HOUSE FILE 472

BY (PROPOSED COMMITTEE ON
ECONOMIC DEVELOPMENT BILL
BY CHAIRPERSON LARSON)

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