

Senate Study Bill 2106

Conference Committee Text

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1 1 Section 1. NEW SECTION. 15E.175 ECONOMIC DEVELOPMENT
1 2 BLOCK GRANTS.
1 3 1. A county which annually meets the eligibility
1 4 requirements of this section shall receive, upon application
1 5 to the treasurer of state, an economic development block grant
1 6 of up to one hundred thousand dollars each year for a five-
1 7 year period.
1 8 2. To be eligible to receive funds a county, or the city
1 9 or community economic development organization which will
1 10 receive the funds from the county, shall provide local
1 11 matching funds of one dollar for each two dollars requested
1 12 under subsection 1 and shall have on file with the department
1 13 of economic development a five-year economic development plan.
1 14 The plan shall include at least the following components:
1 15 a. A statement explaining the economic development mission
1 16 of the county, city, or community economic development
1 17 organization.
1 18 b. A program to assist existing industry improve its
1 19 methods of operation, modernize its facilities, or expand its
1 20 operations.
1 21 c. A program to encourage businesses to locate in the city
1 22 or county and to assist in the start-up of new businesses in
1 23 the city or county.
1 24 d. A plan to market the community to individuals seeking
1 25 to locate or relocate businesses and to market to individuals
1 26 or businesses the services available under the plan by the
1 27 county, city, or community economic development organization.
1 28 e. A budget for the implementation of the plan.
1 29 f. A full-time economic development staff person.
1 30 3. Counties may use block grant funds for any recognized
1 31 economic development activity consistent with state law,
1 32 including but not limited to the following:
1 33 a. To contract for economic development services.
1 34 b. For distribution to a city or community economic
1 35 development organization which meets the eligibility
2 1 requirements of subsection 2.
2 2 c. As local matching funds for federal or state economic
2 3 development programs.
2 4 d. For the development of industrial parks, including the
2 5 development of infrastructure.
2 6 e. For new and renovated speculative buildings.
2 7 f. For housing development infrastructure.
2 8 g. As a fund to provide grants or revolving loans to
2 9 businesses.
2 10 h. For community marketing activities, including tourism
2 11 marketing.
2 12 i. For the reasonable expenses of operational costs except
2 13 salaries of full-time staff.
2 14 j. For planning and start-up costs for organizing local
2 15 economic development organizations.
2 16 4. This section is repealed effective July 1, 2006.
2 17 Sec. 2. Section [422.65](#), Code 1995, is amended to read as
2 18 follows:
2 19 422.65 ALLOCATION OF REVENUE.
2 20 1. All moneys received from the franchise tax shall be
2 21 deposited in the state general fund.

~~Commencing with the~~

2 22

~~fiscal year beginning July 1, 1993, there~~

- ~~There is~~

2 23 appropriated for each fiscal year from the franchise tax money
2 24 received and deposited in the state general fund the

~~sum of~~

2 25

~~eight~~

- ~~following amounts:~~

2 26 a. Eight million eight hundred thousand dollars which
2 27 shall be paid quarterly on warrants by the director, after
2 28 certification by the director, as follows:
2 29

~~1.~~

- (1) Sixty percent to the general fund of the city from
2 30 which the tax is collected.
2 31

~~2.~~

- (2) Forty percent to the county from which the tax is
2 32 collected.

2 33 b. Nine million nine hundred thousand dollars, or so much
2 34 thereof as may be necessary, to provide economic development
2 35 block grants of up to one hundred thousand dollars to eligible
3 1 counties in accordance with section 15E.175.

3 2 c. Funds remaining unobligated in any fiscal year shall be
3 3 transferred to the rural enterprise fund for grants or loans
3 4 to businesses with fifty or fewer employees.

3 5 2. If the financial institution maintains one or more
3 6 offices for the transaction of business, other than its
3 7 principal office, a portion of its franchise tax shall be
3 8 allocated to each office, based upon a reasonable measure of
3 9 the business activity of each office. The director shall
3 10 prescribe, for each type of financial institution, a method of
3 11 measuring the business activity of each office. Financial
3 12 institutions shall furnish all necessary information for this
3 13 purpose at the request of the director.

3 14 3. Quarterly, the director shall certify to the treasurer
3 15 of state the amounts to be paid to each city and county from
3 16 the state general fund under subsection 1, paragraphs "a" and
3 17 "b". All moneys received from the franchise tax are
3 18 appropriated according to the provisions of this section.

3 19 4. The changes made to this section in this Act are
3 20 repealed effective July 1, 2006, and the Code editor shall
3 21 return this section to the language of the 1995 Code of Iowa.
3 22 Intervening amendments to this section that are unrelated to
3 23 the changes made to this section in this Act are not repealed.

3 24 EXPLANATION

3 25 This bill provides for the annual appropriation of up to
3 26 \$9.9 million from the proceeds of the franchise tax on
3 27 financial institutions for the purpose of economic development
3 28 block grants to eligible counties. The bill requires a county
3 29 to have a five-year economic development plan on file with the
3 30 department of economic development in order to be eligible to
3 31 receive a block grant. The plan must contain certain
3 32 elements, including a mission statement, programs to assist
3 33 existing businesses and attract new businesses, a marketing
3 34 plan, and a budget.

3 35 An eligible county shall receive a block grant of \$100,000

4 1 per year for a five-year period upon application to the
4 2 treasurer of state. The block grant may be used for any
4 3 recognized economic development purpose consistent with state
4 4 law, including the purchase of economic development services,
4 5 as matching funds, the construction or renovation of
4 6 speculative shell buildings, and the reasonable expenses of
4 7 operating costs for economic development activities except
4 8 salaries. A county may also pass the block grant money to
4 9 cities or community economic development organizations which
4 10 meet the same eligibility requirements as the county.

4 11 The provisions of the bill sunset on July 1, 2006.

4 12 LSB 3000SC 76

4 13 mk/sc/14