

5-3/16/98 Small Business
Econ. Dev.
5-3/9/98 Do Pass

FEB 25 1998
Place On Calendar

HOUSE FILE **2435**
BY COMMITTEE ON ECONOMIC
DEVELOPMENT

(SUCCESSOR TO HF 2229)

Passed House, Date 3/16/98 (p. 704)
Vote: Ayes 94 Nays 0
Passed Senate, Date 3/24/98 (p. 868)
Vote: Ayes 49 Nays 0
Approved April 2, 1998

A BILL FOR

1 An Act relating to the entrepreneurs with disabilities program.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2435

1 Section 1. Section 15.241, Code 1997, is amended to read
2 as follows:

3 15.241 IOWA "SELF-EMPLOYMENT LOAN PROGRAM".

4 1. A "self-employment loan program account" is established
5 within the strategic investment fund created in section 15.313
6 to provide funding for the self-employment loan program which
7 is to be conducted in coordination with the job training
8 partnership program and other programs administered under
9 section 15.108, subsection 6, paragraph "c". The department
10 may contract with local community action agencies or other
11 local entities in administering the program, and shall work
12 with the department of workforce development and the
13 department of human services in developing the program. The
14 department shall cooperate with the division of vocational
15 rehabilitation under the department of education to implement
16 a business development initiative for entrepreneurs with
17 disabilities.

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

28 The department may provide grants of not more than five
29 thousand dollars under the program, if the grants are used to
30 secure additional financing from private sources. The
31 department may provide a service fee to financial institutions
32 for administering loans provided under this section.

33 Payments of interest, recaptures of awards, and repayments
34 of moneys loaned under this program shall be deposited into
35 the strategic investment fund. Receipts from loans or grants

1 under the business development initiative for entrepreneurs
2 with disabilities program may be maintained in a separate
3 account within the fund.

4 2. a. The department shall implement and administer an
5 entrepreneurs with disabilities technical assistance program
6 designed to provide only technical assistance to a qualified
7 business under this subsection.

8 b. A business qualifies for assistance under this program
9 if the business is fifty-one percent or more owned, operated,
10 and actively managed by one or more persons with a disability
11 and is located in this state, operated for profit, and has a
12 gross income of less than three million dollars computed as an
13 average of the three preceding years. "Disability" means
14 disability as defined in section 15.102.

15 c. A person shall not be required to be a client of the
16 division of vocational rehabilitation services or the
17 department for the blind in order to qualify for assistance
18 under this program.

19 d. The department shall adopt rules as necessary for the
20 administration of the program.

21 EXPLANATION

22 This bill requires the department of economic development
23 to implement an entrepreneurs with disabilities technical
24 assistance program designed to provide technical assistance to
25 qualified businesses.

26 A business qualifying for assistance is a business which is
27 51 percent owned, operated, and actively managed by one or
28 more persons with a disability and is located in the state,
29 operated for profit, and has a gross income of less than \$3
30 million. A qualified business does not need to be a client of
31 the division of vocational rehabilitation services or the
32 department for the blind.

33 The department of economic development shall adopt rules
34 for the administration of the program.

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**HOUSE FILE 2435
FISCAL NOTE**

A fiscal note for House File 2435 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 2435 expands the Department of Economic Development's Entrepreneurs With Disabilities Program by requiring development and implementation of a technical assistance program that would increase the eligible population by applying an expanded definition of disabled.

ASSUMPTIONS

1. The number of persons eligible would increase from 15,000 to 128,000, which would result in 100 additional persons seeking technical assistance each year.
2. The average cost of technical assistance is \$4,000.
3. The State is currently using all eligible federal funding for this type of technical assistance.

FISCAL IMPACT

House File 2435 is expected to cost approximately \$400,000 annually, beginning in FY 1999. The Bill does not specify a funding source. The Department of Economic Development could use funds appropriated to the Strategic Investment Fund to finance the expanded program, which would reduce funding for one or more of the other programs currently financed from the Fund.

SOURCE

Department of Economic Development

(LSB 3760hv, JWR)

FILED MARCH 11, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2435

AN ACT

RELATING TO THE ENTREPRENEURS WITH DISABILITIES PROGRAM.

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

Section 1. Section 15.241, Code 1997, is amended to read as follows:

15.241 IOWA "SELF-EMPLOYMENT LOAN PROGRAM".

1. 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 workforce development 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.

The department may provide grants of not more than five thousand dollars under the program, if the grants are used to secure additional financing from private sources. The department may provide a service fee to financial institutions for administering loans provided under this section.

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 program may be maintained in a separate account within the fund.

2. a. The department shall implement and administer an entrepreneurs with disabilities technical assistance program designed to provide only technical assistance to a qualified business under this subsection.

b. A business qualifies for assistance under this program if the business is fifty-one percent or more owned, operated, and actively managed by one or more persons with a disability and is located in this state, operated for profit, and has a gross income of less than three million dollars computed as an average of the three preceding years. "Disability" means disability as defined in section 15.102.

c. A person shall not be required to be a client of the division of vocational rehabilitation services or the department for the blind in order to qualify for assistance under this program.

d. The department shall adopt rules as necessary for the administration of the program.

RON J. CORBETT
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2435, Seventy-seventh General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved April 2, 1998

TERRY E. BRANSTAD
Governor