

3-13-97  
Small Bus Loan Act

FILED MAR 13 1997

SENATE FILE **441**  
BY FREEMAN

(COMPANION TO LSB 2552HH  
BY HUSEMAN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to economic development block grants and  
2 establishing a revolving loan fund.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 441

1 Section 1. NEW SECTION. 15E.180 ECONOMIC DEVELOPMENT

2 BLOCK GRANTS.

3 1. A multicomunity development organization which  
4 annually meets the eligibility requirements of this section  
5 shall receive, upon application to the department of economic  
6 development, an economic development block grant of up to one  
7 hundred thousand dollars each year for a five-year period.  
8 The department shall determine the amount of the grant for  
9 which the multicomunity development organization is qualified  
10 and notify the director of the department of revenue and  
11 finance of this amount. Recipients may reapply for a second  
12 grant period. The multicomunity development organization may  
13 be a multicomunity-based economic development organization,  
14 or a county or city government economic development  
15 organization. Block grant moneys shall be paid by the  
16 treasurer of state out of moneys appropriated for the purpose  
17 of economic development block grants in the small business  
18 revolving loan fund.

19 2. In order to be eligible to receive block grant moneys,  
20 the multicomunity development organization shall do all of  
21 the following:

22 a. Provide public or private matching funds of one dollar  
23 for every two dollars qualified for under subsection 1.

24 b. Demonstrate approval from the communities or counties  
25 served by the multicomunity development organization.

26 c. File with the department of economic development a  
27 five-year economic development plan. The plan must include,  
28 at a minimum, all of the following components:

29 (1) A statement explaining the economic development  
30 mission of the multicomunity development organization.

31 (2) A program to assist existing industry in the  
32 communities or counties served by the multicomunity  
33 development organization.

34 (3) A program to encourage businesses to locate in the  
35 communities or counties served by the multicomunity

1 development organization and to assist in the start-up of new  
2 businesses in those communities or counties.

3 (4) A plan to market the communities or counties to  
4 businesses seeking to locate or relocate businesses and to  
5 market to individuals or businesses the services available  
6 under the economic development plan.

7 (5) A budget for implementation of the plan.

8 (6) A minimum of one full-time economic development staff  
9 person.

10 3. Recipients may use block grant moneys for any  
11 recognized economic development purpose which is consistent  
12 with state and federal law including, but not limited to, all  
13 of the following:

14 a. Contracting for economic development services.

15 b. Distributing block grant moneys to any city, county, or  
16 community economic development organization.

17 c. Using block grant moneys as matching funds for federal  
18 or state economic development programs.

19 d. Developing infrastructure.

20 e. Renovating or building speculative shell buildings as  
21 defined in section 427.1, subsection 27, paragraph "c".

22 f. Building housing development infrastructure.

23 g. Creating a fund to provide grants or revolving loans to  
24 businesses.

25 h. Funding community marketing activities, including  
26 tourism marketing.

27 i. Funding reasonable expenses of operational costs  
28 including staff salaries.

29 j. Funding for the planning and start-up costs for  
30 organizing local multicomunity development organizations.

31 4. If no multicomunity development organization exists in  
32 a county, the county board of supervisors may receive a block  
33 grant to use to organize a multicomunity development  
34 organization.

35 5. A small business revolving loan fund is created as a

1 revolving fund in the state treasury under the control of the  
2 department of economic development consisting of moneys  
3 appropriated by the general assembly for purposes of economic  
4 development block grants under this section. The fund shall  
5 not exceed ten million dollars. Notwithstanding section 8.33,  
6 all moneys in the small business revolving loan fund which  
7 remain unexpended or unobligated at the close of the fiscal  
8 year shall not revert to the general fund of the state but  
9 shall remain available for expenditure in subsequent fiscal  
10 years.

11 6. At the end of each fiscal year, the department may  
12 provide low interest loans to any business with fifty or fewer  
13 employees out of unexpended or unobligated moneys in the small  
14 business revolving loan fund. Such loans shall be  
15 administered by the department through a city or county  
16 government or their designated loan manager. A one time loan  
17 management fee of not more than five percent of the total loan  
18 shall be paid to the city, county, or designated loan manager  
19 and shall be financed in the loan. The maximum loan amount is  
20 one hundred thousand dollars. The department shall adopt  
21 rules for the administration of such loans.

22 7. This section is repealed effective June 30, 2008.

23 EXPLANATION

24 This bill provides for economic development block grants to  
25 be given to qualifying multicomunity development  
26 organizations. Qualifying block grant recipients may receive  
27 up to \$100,000 per year for a period of five years.  
28 Multicomunity development organizations may be a  
29 multicomunity-based economic development organization or a  
30 county or city government economic development organization.  
31 This bill provides that in order to be eligible to receive a  
32 block grant, a multicomunity development organization shall  
33 provide public or private matching funds or both of one dollar  
34 for every two dollars qualified for, demonstrate approval from  
35 the communities or counties served by the organization, and

1 file with the department of economic development a five-year  
2 economic development plan. Block grant moneys may be used for  
3 any recognized economic development purpose which is  
4 consistent with state and federal law.

5 The bill creates a small business revolving loan fund in  
6 the state treasury controlled by the department. Annual  
7 appropriations for purposes of block grants shall be deposited  
8 in the fund. At the end of each fiscal year, the department  
9 may provide low interest loans to any business with 50 or  
10 fewer employees out of unobligated or unexpended moneys in the  
11 fund.

12 The economic development block grant program and the  
13 revolving loan fund are repealed effective June 30, 2008.

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