

# House Study Bill 531

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
ECONOMIC GROWTH BILL BY  
CHAIRPERSON HOFFMAN)

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

## A BILL FOR

1 An Act relating to a rural economic development program and fund  
2 and making appropriations.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 5703YC 81  
5 tm/je/5

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1 1 Section 1. NEW SECTION. 15E.361 RURAL ECONOMIC  
1 2 DEVELOPMENT PROGRAM == FUND.  
1 3 1. The department shall establish and administer a rural  
1 4 economic development program to annually distribute moneys on  
1 5 a per capita basis from the rural economic development fund to  
1 6 local economic development groups, as defined by the  
1 7 department, located in counties with a population of less than  
1 8 twenty-five thousand. Beginning July 1, 2007, the department  
1 9 shall make such distributions to eligible local economic  
1 10 development groups by July 31 of each fiscal year. A local  
1 11 economic development group shall apply to the department to  
1 12 become an eligible local economic development group.  
1 13 2. A local economic development group receiving moneys  
1 14 under the program shall use the moneys for purposes of  
1 15 providing financial assistance in the form of grants, loans,  
1 16 loan guarantees, or any combination of such assistance for any  
1 17 of the following purposes:  
1 18 a. To create, assess, or assist a project to enhance  
1 19 economic and community development in a rural area.  
1 20 b. To assist in the development and organization of a  
1 21 cooperative.  
1 22 c. To provide funding for technical assistance to an  
1 23 organization.  
1 24 d. To address workforce development challenges.  
1 25 3. An entity may apply for financial assistance from a  
1 26 local economic development group receiving moneys under the  
1 27 program if the entity meets the following criteria:  
1 28 a. The project for which financial assistance is sought is  
1 29 located in this state.  
1 30 b. In applying for financial assistance, the applicant  
1 31 submits a business plan that demonstrates a managerial and  
1 32 technical expertise related to the project for which financial  
1 33 assistance is sought.  
1 34 4. In making determinations of providing financial  
1 35 assistance, a local economic development group shall consider  
2 1 all of the following factors:  
2 2 a. The feasibility of the project or proposed project to  
2 3 remain a viable enterprise.  
2 4 b. The extent to which the project or proposed project is  
2 5 located in a rural region of the state.  
2 6 c. The proportion of local moneys to be contributed to the  
2 7 project or proposed project.  
2 8 d. The level of need of the region where the project or  
2 9 proposed project is located.  
2 10 5. By June 30 of each fiscal year, a local economic  
2 11 development region receiving moneys under the rural economic  
2 12 development program shall file a report with the department  
2 13 identifying all recipients of moneys under the program and the  
2 14 projects for which the moneys were awarded.  
2 15 6. a. A rural economic development fund is created in the  
2 16 state treasury under the control of the department and  
2 17 consisting of any moneys appropriated by the general assembly  
2 18 and any other moneys available to and obtained or accepted by

2 19 the department for placement in the fund. Payments of  
2 20 interest, repayments of moneys loaned pursuant to this  
2 21 section, and recaptures of loans shall be deposited in the  
2 22 fund. Moneys in the fund are not subject to section 8.33.  
2 23 Notwithstanding section 12C.7, interest or earnings on moneys  
2 24 in the fund shall be credited to the fund.  
2 25 b. Beginning July 1, 2007, and each July 1 thereafter,  
2 26 there is appropriated from the general fund to the department  
2 27 an amount equal to the amount determined pursuant to paragraph  
2 28 "c" for deposit in the rural economic development fund.  
2 29 c. The amount appropriated pursuant to paragraph "b" shall  
2 30 be equal to the amount of revenue generated by monitor vending  
2 31 machines authorized by the Iowa lottery authority and  
2 32 deposited in the general fund during the previous fiscal year  
2 33 less the amount of revenue generated by monitor vending  
2 34 machines authorized by the Iowa lottery authority and  
2 35 deposited in the general fund during the fiscal year beginning  
3 1 July 1, 2005, and ending June 30, 2006. For purposes of this  
3 2 section, "monitor vending machine" means a vending machine or  
3 3 other similar electronic device that includes a video monitor  
3 4 and audio capabilities that dispenses or prints and dispenses  
3 5 lottery tickets to a purchaser that have been determined to be  
3 6 winning or losing tickets by a predetermined pool drawing  
3 7 machine prior to the dispensing of the tickets.

3 8 EXPLANATION

3 9 This bill relates to a rural economic development program  
3 10 and fund and makes appropriations.

3 11 The bill requires the department of economic development to  
3 12 establish and administer a rural economic development program  
3 13 to annually distribute moneys on a per capita basis from the  
3 14 rural economic development fund to local economic development  
3 15 groups, as defined by the department, located in counties with  
3 16 a population of less than 25,000. Beginning July 1, 2007, the  
3 17 department shall make such distributions to eligible local  
3 18 economic development groups by July 31 of each fiscal year.  
3 19 The bill requires a local economic development group to apply  
3 20 to the department to become an eligible local economic  
3 21 development group.

3 22 The bill requires local economic development groups  
3 23 receiving moneys under the program to use the moneys to  
3 24 create, assess, or assist a project to enhance economic and  
3 25 community development in a rural area; to assist in the  
3 26 development and organization of a cooperative; to provide  
3 27 funding for technical assistance to an organization; or to  
3 28 address workforce development challenges.

3 29 The bill allows an entity to apply for financial assistance  
3 30 from a local economic development group if the project for  
3 31 which financial assistance is sought is located in this state  
3 32 and, in applying for financial assistance, the applicant  
3 33 submits a business plan that demonstrates a managerial and  
3 34 technical expertise related to the project for which financial  
3 35 assistance is sought.

4 1 The bill provides certain factors for a local economic  
4 2 development group to consider in making determinations of  
4 3 providing financial assistance.

4 4 The bill includes reporting requirements for local economic  
4 5 development groups receiving moneys under the rural economic  
4 6 development program.

4 7 The bill creates a rural economic development fund in the  
4 8 state treasury under the control of the department. Beginning  
4 9 July 1, 2007, and each July 1 thereafter, the bill  
4 10 appropriates from the general fund to the department a certain  
4 11 amount for deposit in the rural economic development fund.  
4 12 The amount appropriated shall be equal to the amount of  
4 13 revenue generated by monitor vending machines authorized by  
4 14 the Iowa lottery authority and deposited in the general fund  
4 15 during the previous fiscal year less the amount of revenue  
4 16 generated by monitor vending machines authorized by the Iowa  
4 17 lottery authority and deposited in the general fund during the  
4 18 fiscal year beginning July 1, 2005, and ending June 30, 2006.

4 19 LSB 5703YC 81

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