

House File 502 - Introduced

HOUSE FILE _____
BY STAED and THOMAS

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

A BILL FOR

1 An Act creating an Iowa community entrepreneurial program and
2 fund and making appropriations.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2504HH 82
5 tm/je/5

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1 1 Section 1. NEW SECTION. 15E.331 SHORT TITLE.
1 2 This division shall be known as and may be cited as the
1 3 "Iowa Community Entrepreneurial Act".
1 4 Sec. 2. NEW SECTION. 15E.332 IOWA COMMUNITY
1 5 ENTREPRENEURIAL PROGRAM.
1 6 1. The department shall establish and administer an Iowa
1 7 community entrepreneurial program to assist small businesses
1 8 in areas of the state which experience an economic growth rate
1 9 that is less than the average economic growth rate for the
1 10 state. The department shall provide assistance from the Iowa
1 11 community entrepreneurial fund created in section 15E.334 to
1 12 eligible businesses in the form of loans and forgivable loans.
1 13 The Iowa economic development board shall approve or deny each
1 14 award of assistance under the program.
1 15 2. Loans or forgivable loans awarded under the program
1 16 shall not exceed a term of seven years.
1 17 3. In reviewing applications for assistance, the
1 18 department shall give additional consideration or additional
1 19 points to applicants that demonstrate any of the following:
1 20 a. Business plans approved by a business accelerator
1 21 receiving financial assistance under the business accelerator
1 22 program established in section 15E.351.
1 23 b. Counseling received from a business accelerator
1 24 receiving financial assistance under the business accelerator
1 25 program established in section 15E.351.
1 26 c. Counseling received from a small business development
1 27 center.
1 28 d. Counseling received through an internet-based program
1 29 to assist and stimulate entrepreneurial activity in rural
1 30 areas of the state administered by the university of northern
1 31 Iowa.
1 32 e. Infrastructure of the business certified by the
1 33 leadership in energy and environmental design green building
1 34 rating system or utilizing renewable energy.
1 35 f. The business is a targeted industry business as defined
2 1 in section 15E.223.
2 2 g. Location or expansion in an enterprise zone certified
2 3 pursuant to section 15E.194.
2 4 4. A county may exempt from all property taxation all or a
2 5 portion of the value added to the property upon which an
2 6 eligible business locates or expands and which is used in the
2 7 operation of the eligible business. The amount of value added
2 8 for purposes of this subsection shall be the amount of the
2 9 increase in assessed valuation of the property following the
2 10 location or expansion of the business. The exemption may be
2 11 allowed for a period not to exceed ten years beginning the
2 12 year the eligible business locates or expands operations in
2 13 the county.
2 14 5. If a recipient of assistance under the program fails to
2 15 maintain the requirements to be an eligible business under
2 16 section 15E.333, the recipient is subject to repayment of all
2 17 or a portion of the assistance.
2 18 Sec. 3. NEW SECTION. 15E.333 ELIGIBLE BUSINESSES.
2 19 1. A business is eligible to receive assistance under the
2 20 Iowa community entrepreneurial program if the department finds

2 21 the business meets all of the following:
2 22 a. Is locating or expanding in a county with a population
2 23 of twenty-five thousand or less based on the 2000 census.
2 24 b. Has fifty or fewer employees.
2 25 c. Creates at least two new jobs.
2 26 d. Pays new employees an average wage that is equal to or
2 27 greater than one hundred ten percent of the average county
2 28 wage for the specific job field based on data provided by the
2 29 department of workforce development.

2 30 2. An eligible business shall have not more than one year
2 31 to meet the job creation and wage requirements provided in
2 32 subsection 1.

2 33 Sec. 4. NEW SECTION. 15E.334 IOWA COMMUNITY
2 34 ENTREPRENEURIAL FUND.

2 35 1. An Iowa community entrepreneurial fund is created in
3 1 the state treasury under the control of the department and
3 2 consisting of any moneys appropriated by the general assembly
3 3 and any other moneys available to and obtained or accepted by
3 4 the department for placement in the fund.

3 5 2. Payments of interest, repayments of moneys loaned
3 6 pursuant to this part, and recaptures of loans shall be
3 7 deposited in the fund.

3 8 3. The fund shall be used to provide loans and forgivable
3 9 loans under the Iowa community entrepreneurial program
3 10 established in section 15E.332.

3 11 4. Moneys in the fund are not subject to section 8.33.
3 12 Notwithstanding section 12C.7, interest or earnings on moneys
3 13 in the fund shall be credited to the fund.

3 14 Sec. 5. NEW SECTION. 15E.335 APPROPRIATIONS.

3 15 1. For the fiscal period beginning July 1, 2007, and
3 16 ending June 30, 2012, there is appropriated from the general
3 17 fund of the state to the department of economic development
3 18 two million six hundred fifty thousand dollars each fiscal
3 19 year for deposit in the Iowa community entrepreneurial fund
3 20 created in section 15E.334.

3 21 2. For the fiscal period beginning July 1, 2007, and
3 22 ending June 30, 2012, there is appropriated from the general
3 23 fund of the state to the university of northern Iowa three
3 24 hundred fifty thousand dollars each fiscal year for purposes
3 25 of an internet-based program to assist and stimulate
3 26 entrepreneurial activity in rural areas of the state.

3 27 EXPLANATION

3 28 This bill creates an Iowa community entrepreneurial program
3 29 and fund.

3 30 The bill requires the department of economic development to
3 31 establish and administer an Iowa community entrepreneurial
3 32 program to assist small businesses in areas of the state which
3 33 experience an economic growth rate that is less than the
3 34 average economic growth rate for the state. The bill provides
3 35 that the department shall provide assistance from the Iowa
4 1 community entrepreneurial fund to eligible businesses in the
4 2 form of loans and forgivable loans. The bill provides that
4 3 loans or forgivable loans awarded under the program shall not
4 4 exceed a term of seven years. The bill provides that, in
4 5 reviewing applications for assistance, the department shall
4 6 give additional consideration or additional points to
4 7 applicants that demonstrate certain criteria.

4 8 The bill allows a county to exempt from all property
4 9 taxation all or a portion of the value added to the property
4 10 upon which an eligible business locates or expands and which
4 11 is used in the operation of the eligible business. The bill
4 12 provides that the amount of value added for these purposes
4 13 shall be the amount of the increase in assessed valuation of
4 14 the property following the location or expansion of the
4 15 business. The bill provides that the exemption may be allowed
4 16 for a period not to exceed 10 years beginning the year the
4 17 eligible business locates or expands operations in the county.

4 18 The bill provides that, if a recipient of assistance under
4 19 the program fails to maintain the requirements to be an
4 20 eligible business, the recipient is subject to repayment of
4 21 all or a portion of the assistance.

4 22 The bill provides that a business is eligible to receive
4 23 assistance under the Iowa community entrepreneurial program if
4 24 the department finds the business is locating or expanding in
4 25 a county with a population of 25,000 or less based on the 2000
4 26 census, has 50 or fewer employees, creates at least two new
4 27 jobs, and pays new employees an average wage that is equal to
4 28 or greater than 110 percent of the average county wage for the
4 29 specific job field based on data provided by the department of
4 30 workforce development. The bill provides that an eligible
4 31 business shall have not more than one year to meet the job

4 32 creation and wage requirements for being an eligible business.
4 33 The bill creates an Iowa community entrepreneurial fund in
4 34 the state treasury under the control of the department and
4 35 consisting of any moneys appropriated by the general assembly
5 1 and any other moneys available to and obtained or accepted by
5 2 the department for placement in the fund. The bill provides
5 3 that the fund shall be used to provide loans and forgivable
5 4 loans under the Iowa community entrepreneurial program.
5 5 For the fiscal period beginning July 1, 2007, and ending
5 6 June 30, 2012, the bill appropriates from the general fund of
5 7 the state to the department of economic development \$2,650,000
5 8 each fiscal year for deposit in the Iowa community
5 9 entrepreneurial fund. For the fiscal period beginning July 1,
5 10 2007, and ending June 30, 2012, the bill appropriates from the
5 11 general fund of the state to the university of northern Iowa
5 12 \$350,000 each fiscal year for purposes of an internet-based
5 13 program to assist and stimulate entrepreneurial activity in
5 14 rural areas of the state.
5 15 LSB 2504HH 82
5 16 tm:rj/je/5