

Senate File 2430 - Introduced

SENATE FILE _____
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SSB 3301)

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

A BILL FOR

1 An Act relating to economic development by creating a community
2 microenterprise development organization grant program, a
3 microenterprise development advisory committee, and a river
4 enhancement community attraction and tourism fund, and by
5 making changes to the requirements for individual development
6 accounts and making appropriations, and including effective
7 and retroactive applicability provisions.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
9 TLSB 6623SV 82
10 tw/rj/8

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1 1 DIVISION I
1 2 MICROENTERPRISE DEVELOPMENT
1 3 Section 1. Section 15.102, Code Supplement 2007, is
1 4 amended by adding the following new subsections:
1 5 NEW SUBSECTION. 1A. "Community microenterprise
1 6 development organization" means a community development,
1 7 economic development, social service, or nonprofit
1 8 organization that provides training, access to financing, and
1 9 technical assistance to microenterprises.
1 10 NEW SUBSECTION. 3A. "Microenterprise" means any business
1 11 with five or fewer employees which generally lacks collateral
1 12 and has difficulty securing financing from conventional
1 13 business lending sources. "Microenterprise" includes
1 14 start-up, home-based, and self-employed businesses.
1 15 Sec. 2. Section 15.108, subsection 7, unnumbered paragraph
1 16 1, Code Supplement 2007, is amended to read as follows:
1 17 To provide assistance to small business, targeted small
1 18 business, microenterprises, and entrepreneurs creating small
1 19 businesses to ensure continued viability and growth. To carry
1 20 out this responsibility, the department shall:
1 21 Sec. 3. NEW SECTION. 15.114 COMMUNITY MICROENTERPRISE
1 22 DEVELOPMENT ORGANIZATION GRANTS.
1 23 1. The department shall award grants to community
1 24 microenterprise development organizations. A grant shall not
1 25 be awarded to a community microenterprise development
1 26 organization unless the community microenterprise development
1 27 organization can match at least twenty percent of the funds to
1 28 be awarded. The matching funds may be from private
1 29 foundations, federal or local government funds, financial
1 30 institutions, or individuals.
1 31 2. In awarding grants to community microenterprise
1 32 development organizations, the department shall consider all
1 33 of the following:
1 34 a. The overall geographic diversity of the applicants for
1 35 grants, including both urban and rural communities.
2 1 b. The ability of a community microenterprise development
2 2 organization to provide services to low-income and
2 3 moderate-income individuals and underserved communities. In
2 4 determining the ability to provide services, all of the
2 5 following shall be considered:
2 6 (1) The ability to identify potential microentrepreneurs
2 7 within a community.
2 8 (2) The capacity to perform client assessment and
2 9 screening.
2 10 (3) The ability to provide business training and technical
2 11 assistance, including information about access to markets,
2 12 business management, and financial literacy.
2 13 (4) The capacity to provide assistance in securing

2 14 financing.
2 15 c. The scope of services offered and the efficient
2 16 delivery of such services, especially to low-income,
2 17 moderate-income, and minority individuals.
2 18 d. The ability to monitor the progress of clients and to
2 19 identify those clients in need of additional technical and
2 20 financial assistance.
2 21 e. The ability to build relationships and coordinate
2 22 resources with other entities supporting microentrepreneurs.
2 23 These entities may include but are not limited to community
2 24 colleges, cooperative extension services, small business
2 25 development centers, chambers of commerce, community economic
2 26 development organizations, workforce centers, and community
2 27 nonprofit service providers that serve low-income and
2 28 moderate-income individuals.
2 29 f. The ability to coordinate activities with any targeted
2 30 small business advocate services operating in the community.
2 31 g. The amount and sufficiency of operating funds
2 32 available.
2 33 h. Any other criteria the department deems reasonable.

2 34 Sec. 4. NEW SECTION. 15.240 MICROENTERPRISE DEVELOPMENT
2 35 ADVISORY COMMITTEE.

3 1 1. The department shall establish, administer, and
3 2 regularly convene a microenterprise development advisory
3 3 committee.
3 4 2. The committee shall include at least ten but not more
3 5 than fifteen members representing government agencies,
3 6 nonprofit organizations, and private sector entities that have
3 7 expertise and a demonstrated interest in the development of
3 8 microenterprises.
3 9 3. The committee shall study and make recommendations to
3 10 the department and the general assembly on the design and
3 11 implementation of a competitive grant program in support of
3 12 community efforts to develop microenterprises within
3 13 communities with low-income and moderate-income residents.
3 14 a. The committee shall make recommendations for improving
3 15 the mechanisms for connecting community grantees with
3 16 available microenterprise and entrepreneurship resources. The
3 17 recommendations shall include standardized applications for
3 18 participation in the community microenterprise development
3 19 organization grant program and standardized applications for
3 20 obtaining funding from various state and federal
3 21 microenterprise and entrepreneurship development programs.
3 22 b. The committee shall make recommendations to grantees
3 23 regarding the development of an entrepreneurship and business
3 24 education program. The program shall be designed to enhance
3 25 entrepreneurial skills, develop business acumen, increase
3 26 marketing skills, and improve financial literacy.
3 27 c. In making its recommendations, the committee shall
3 28 focus on creating a strong network of programs and shall
3 29 ensure that the needs of both rural and urban communities are
3 30 being met.
3 31 4. The committee shall by January 31 of each year report
3 32 to the department and the general assembly on the progress of
3 33 microenterprise development in Iowa and on its recommendations
3 34 for the community microenterprise development organizations
3 35 grants program.

4 1 DIVISION II
4 2 RIVER ENHANCEMENT COMMUNITY
4 3 ATTRACTION AND TOURISM

4 4 Sec. 5. Section 15F.202, subsection 1, Code 2007, is
4 5 amended to read as follows:

4 6 1. The board shall establish and the department, subject
4 7 to direction and approval by the board, shall administer a
4 8 community attraction and tourism program to assist communities
4 9 in the development, creation, and regional marketing of
4 10 multiple-purpose attraction or tourism facilities. Any moneys
4 11 appropriated to the river enhancement community attraction and
4 12 tourism fund created pursuant to section 15F.205 shall be used
4 13 exclusively for the creation and enhancement of community
4 14 attractions and tourism opportunities along lakes, rivers, and
4 15 river corridors in cities across the state, but a recipient of
4 16 moneys from the river enhancement community attraction and
4 17 tourism fund shall not be precluded from receiving funds from
4 18 the community attraction and tourism fund created pursuant to
4 19 section 15F.204.

4 20 Sec. 6. Section 15F.204, subsection 8, Code 2007, is
4 21 amended to read as follows:

4 22 8. a. There is appropriated from the rebuild Iowa
4 23 infrastructure fund to the community attraction and tourism
4 24 fund, the following amounts:

4 25 (1) For the fiscal year beginning July 1, 2004, and ending
4 26 June 30, 2005, the sum of twelve million dollars.
4 27 (2) For the fiscal year beginning July 1, 2005, and ending
4 28 June 30, 2006, the sum of five million dollars.
4 29 (3) For the fiscal year beginning July 1, 2006, and ending
4 30 June 30, 2007, the sum of five million dollars.
4 31 (4) For the fiscal year beginning July 1, 2007, and ending
4 32 June 30, 2008, the sum of five million dollars.
4 33 (5) For the fiscal year beginning July 1, 2008, and ending
4 34 June 30, 2009, the sum of five million dollars.
4 35 (6) For the fiscal year beginning July 1, 2009, and ending
5 1 June 30, 2010, the sum of five million dollars.
5 2 (7) For the fiscal year beginning July 1, 2010, and ending
5 3 June 30, 2011, the sum of five million dollars.
5 4 (8) For the fiscal year beginning July 1, 2011, and ending
5 5 June 30, 2012, the sum of five million dollars.
5 6 (9) For the fiscal year beginning July 1, 2012, and ending
5 7 June 30, 2013, the sum of five million dollars.

5 8 b. There is appropriated from the franchise tax revenues
5 9 deposited in the general fund of the state to the community
5 10 attraction and tourism fund, the following amounts:

5 11 (1) For the fiscal year beginning July 1, 2005, and ending
5 12 June 30, 2006, the sum of seven million dollars.
5 13 (2) For the fiscal year beginning July 1, 2006, and ending
5 14 June 30, 2007, the sum of seven million dollars.
5 15 (3) For the fiscal year beginning July 1, 2007, and ending
5 16 June 30, 2008, the sum of seven million dollars.
5 17 (4) For the fiscal year beginning July 1, 2008, and ending
5 18 June 30, 2009, the sum of seven million dollars.
5 19 (5) For the fiscal year beginning July 1, 2009, and ending
5 20 June 30, 2010, the sum of seven million dollars.
5 21 (6) For the fiscal year beginning July 1, 2010, and ending
5 22 June 30, 2011, the sum of seven million dollars.
5 23 (7) For the fiscal year beginning July 1, 2011, and ending
5 24 June 30, 2012, the sum of seven million dollars.
5 25 (8) For the fiscal year beginning July 1, 2012, and ending
5 26 June 30, 2013, the sum of seven million dollars.

5 27 Sec. 7. NEW SECTION. 15F.205 RIVER ENHANCEMENT COMMUNITY
5 28 ATTRACTION AND TOURISM FUND.

5 29 1. A river enhancement community attraction and tourism
5 30 fund is created as a separate fund in the state treasury under
5 31 the control of the board, consisting of any moneys
5 32 appropriated by the general assembly and any other moneys
5 33 available to and obtained or accepted by the board for
5 34 placement in the fund.

5 35 2. Payments of interest, repayments of moneys loaned
6 1 pursuant to this subchapter, and recaptures of grants or loans
6 2 shall be deposited in the fund.

6 3 3. The fund shall be used to provide assistance only from
6 4 funds, rights, and assets legally available to the board, and
6 5 the assistance shall be in the form of grants, loans,
6 6 forgivable loans, and credit enhancements and financing
6 7 instruments as described in the community attraction and
6 8 tourism program established in section 15F.202.

6 9 4. An applicant for financial assistance from moneys in
6 10 the river enhancement community attraction and tourism fund
6 11 for a river or lake enhancement project under the community
6 12 attraction and tourism program shall receive financial
6 13 assistance from the fund in an amount not to exceed one third
6 14 of the total cost of the project.

6 15 5. Moneys in the fund are not subject to section 8.33.
6 16 Notwithstanding section 12C.7, subsection 2, interest or
6 17 earnings on moneys in the fund shall be credited to the fund.

6 18 6. At the beginning of each fiscal year, the board shall
6 19 allocate moneys in the fund for financial assistance to
6 20 projects that promote and enhance recreational opportunities
6 21 and community attractions on and near rivers or lakes within
6 22 cities across the state. Such recreational opportunities and
6 23 community attractions shall be closely connected to a river or
6 24 lake and may include but is not limited to pedestrian trails
6 25 and walkways, amphitheaters, bike trails, water trails or
6 26 whitewater courses for watercraft, and any modifications
6 27 necessary for the safe mitigation of dams.

6 28 7. The board may make a multiyear commitment to an
6 29 applicant or may award assistance for multiple projects to the
6 30 same applicant provided the fund contains sufficient moneys.
6 31 Any moneys remaining in the fund at the end of a fiscal year
6 32 may be carried over to a subsequent fiscal year, or may be
6 33 obligated in advance for a subsequent fiscal year.

6 34 8. The board is not required to award financial assistance
6 35 pursuant to this section unless moneys are appropriated to and

7 1 available from the fund.

7 2 DIVISION III

7 3 INDIVIDUAL DEVELOPMENT ACCOUNTS

7 4 Sec. 8. Section 422.7, subsection 28, paragraph b, Code
7 5 Supplement 2007, is amended to read as follows:

7 6 b. The amount of any savings refund or state match
7 7 payments authorized under section 541A.3, subsection 1.

7 8 Sec. 9. Section 541A.1, subsection 2, Code 2007, is
7 9 amended to read as follows:

7 10 2. "Administrator" means the division of community action
7 11 agencies of the department of human ~~services~~ rights.

7 12 Sec. 10. Section 541A.1, Code 2007, is amended by adding
7 13 the following new subsection:

7 14 NEW SUBSECTION. 5A. "Household income" means the annual
7 15 household income of an account holder or prospective account
7 16 holder, as determined in accordance with rules adopted by the
7 17 administrator.

7 18 Sec. 11. Section 541A.2, subsection 4, paragraph a, Code
7 19 2007, is amended by adding the following new subparagraphs:

7 20 NEW SUBPARAGRAPH. (7) A purpose approved in accordance
7 21 with rule for a refugee individual development account.

7 22 NEW SUBPARAGRAPH. (8) Purchase of an automobile.

7 23 NEW SUBPARAGRAPH. (9) Purchase of assistive technology,
7 24 home or vehicle modification, or other device or physical
7 25 improvement to assist an account holder or family member with
7 26 a disability.

7 27 NEW SUBPARAGRAPH. (10) Other purpose approved in
7 28 accordance with rule that is intended to move the account
7 29 holder or a family member toward a higher degree of
7 30 self-sufficiency.

7 31 Sec. 12. Section 541A.2, subsection 10, Code 2007, is
7 32 amended to read as follows:

7 33 10. The total amount of sources of principal which may be
7 34 in an individual development account shall be limited to fifty
7 35 thirty thousand dollars.

8 1 Sec. 13. Section 541A.3, Code 2007, is amended to read as
8 2 follows:

8 3 541A.3 INDIVIDUAL DEVELOPMENT ACCOUNTS == REFUND STATE
8 4 MATCH AND TAX PROVISIONS.

8 5 All of the following state match and tax provisions shall
8 6 apply to an individual development account:

8 7 1. a. Payment by the state of a state savings refund
8 8 match on amounts of up to two thousand dollars per calendar
8 9 year that an account holder deposits in the account holder's
8 10 account. To be eligible to receive a state match an account
8 11 holder must have a household income that is equal to or less
8 12 than two hundred percent of the federal poverty level.

8 13 b. Moneys transferred to an individual development account
8 14 from another individual development account and a savings
8 15 refund state match received by the account holder in
8 16 accordance with this section shall not be considered an
8 17 account holder deposit for purposes of determining a savings
8 18 refund state match.

8 19 c. Payment of a savings refund state match either shall be
8 20 made directly to the account holder or to an operating
8 21 organization's central reserve account for later distribution
8 22 to the account holder in the most appropriate manner as
8 23 determined by the administrator.

8 24 d. The Subject to the limitation in paragraph "a", the
8 25 state savings refund match shall be the indicated percentage
8 26 of equal to one hundred percent of the amount deposited+ by
8 27 the account holder. However, the administrator may limit,
8 28 reduce, delay, or otherwise revise state match payment
8 29 provisions as necessary to restrict the payments to the
8 30 funding available.

8 31 a. For an account holder with a household income, as
8 32 defined in section 425.17, subsection 6, which is one hundred
8 33 fifty percent or less of the federal poverty level,
8 34 twenty-five percent.

8 35 b. For an account holder with a household income which is
9 1 more than one hundred fifty percent but less than one hundred
9 2 seventy-five percent of the federal poverty level, twenty
9 3 percent.

9 4 c. For an account holder with a household income which is
9 5 one hundred seventy-five percent or more but not more than two
9 6 hundred percent of the federal poverty level, fifteen percent.

9 7 d. For an account holder with a household income which is
9 8 more than two hundred percent of the federal poverty level,
9 9 zero percent.

9 10 2. Income earned by an individual development account is
9 11 not subject to state tax, in accordance with the provisions of

9 12 section 422.7, subsection 28.
9 13 3. Amounts transferred between individual development
9 14 accounts are not subject to state tax.
9 15 4. ~~The administrator shall work with the United States~~
~~9 16 secretary of the treasury and the state's congressional~~
~~9 17 delegation as necessary to secure an exemption from federal~~
~~9 18 taxation for individual development accounts and the earnings~~
~~9 19 on those accounts. The administrator shall report annually to~~
~~9 20 the governor and the general assembly concerning the status of~~
~~9 21 federal approval.~~
9 22 5- 4. The administrator shall coordinate the filing of
9 23 claims for a state savings ~~refunds match~~ authorized under
9 24 subsection 1, between account holders, ~~and operating~~
9 25 organizations, ~~and the department of administrative services.~~
9 26 Claims approved by the administrator may be paid ~~by the~~
~~9 27 department of administrative services~~ to each account holder,
9 28 for an aggregate amount for distribution to the holders of the
9 29 accounts in a particular financial institution, or to an
9 30 operating organization's central reserve account for later
9 31 distribution to the account holders depending on the
9 32 efficiency for issuing the ~~refunds state match payments.~~
9 33 Claims shall be initially filed with the administrator on or
9 34 before a date established by the administrator. Claims
9 35 approved by the administrator shall be paid from the ~~general~~
~~10 1 fund of the state in the manner specified in section 422.74~~
10 2 individual development account state match fund.
10 3 Sec. 14. Section 541A.5, Code 2007, is amended to read as
10 4 follows:
10 5 541A.5 RULES.
10 6 1. ~~The administrator commission on community action~~
~~10 7 agencies created in section 216A.92A~~, in consultation with the
10 8 department of administrative services, shall adopt
10 9 administrative rules to administer this chapter.
10 10 2. a. The rules adopted by the ~~administrator commission~~
10 11 shall include but are not limited to provision for transfer of
10 12 an individual development account to a different financial
10 13 institution than originally approved by the administrator, if
10 14 the different financial institution has an agreement with the
10 15 account's operating organization.
10 16 b. The rules for determining household income may provide
~~10 17 categorical eligibility for prospective account holders who~~
~~10 18 are enrolled in programs with income eligibility restrictions~~
~~10 19 that are equal to or less than the maximum household income~~
~~10 20 allowed for payment of a state match under section 541A.3.~~
10 21 c. Subject to the availability of funding, the commission
~~10 22 may adopt rules implementing an individual development account~~
~~10 23 program for refugees. Rules shall identify purposes approved~~
~~10 24 for withdrawals to meet the special needs of refugee families.~~
10 25 3. ~~The administrator shall utilize a request for proposals~~
~~10 26 process for selection of operating organizations and approval~~
~~10 27 of financial institutions.~~
10 28 Sec. 15. Section 541A.6, Code 2007, is amended to read as
10 29 follows:
10 30 541A.6 COMPLIANCE WITH FEDERAL REQUIREMENTS.
10 31 The ~~administrator commission on community action agencies~~
10 32 shall adopt rules for compliance with federal individual
10 33 development account requirements under the federal Personal
10 34 Responsibility and Work Opportunity Reconciliation Act of
10 35 1996, } 103, as codified in 42 U.S.C. } 604(h), under the
11 1 federal Assets for Independence Act, Pub. L. No. 105=285,
11 2 Title IV, or with any other federal individual development
11 3 account program requirements, ~~as necessary for the state to~~
~~11 4 qualify to use federal temporary assistance for needy families~~
~~11 5 block grant funding or other available for drawing federal~~
11 6 funding for allocation to operating organizations. Any rules
11 7 adopted under this section shall not apply the federal
11 8 individual development account program requirements to an
11 9 operating organization which does not utilize federal funding
11 10 for the accounts with which it is connected or to an account
11 11 holder who does not receive temporary assistance for needy
11 12 families block grant or other federal funding.
11 13 Sec. 16. NEW SECTION. 541A.7 INDIVIDUAL DEVELOPMENT
11 14 ACCOUNT STATE MATCH FUND.
11 15 1. An individual development account state match fund is
11 16 created in the state treasury under the authority of the
11 17 administrator. Notwithstanding section 8.33, moneys
11 18 appropriated to the fund shall not revert to any other fund.
11 19 Notwithstanding section 12C.7, subsection 2, interest or
11 20 earnings on moneys deposited in the fund shall be credited to
11 21 the fund.
11 22 2. Moneys available in the fund for a fiscal year are

11 23 appropriated to the administrator to be used to provide the
11 24 state match for account holder deposits in accordance with
11 25 section 541A.3. At least eighty-five percent of the amount
11 26 appropriated shall be used for state match payments and the
11 27 remainder may be used for the administrative costs of the
11 28 operating organization. Administrative costs include but are
11 29 not limited to accounting services, curriculum costs for
11 30 financial education or asset-specific training, and costs for
11 31 technical assistance contractors.

11 32 Sec. 17. INDIVIDUAL DEVELOPMENT ACCOUNT RULES ==
11 33 TRANSITION, EFFECTIVE DATE, AND APPLICABILITY.

11 34 1. The division of community action agencies of the
11 35 department of human rights shall administer individual
12 1 development accounts in accordance with the administrative
12 2 rules pertaining to the accounts in 441 IAC ch. 10, in place
12 3 of the department of human services until replacement
12 4 administrative rules are adopted. The commission on community
12 5 action agencies may adopt emergency rules under section 17A.4,
12 6 subsection 2, and section 17A.5, subsection 2, paragraph "b",
12 7 to implement the provisions of this Act and the rules shall be
12 8 effective immediately upon filing unless a later date is
12 9 specified in the rules. Any rules adopted in accordance with
12 10 this subsection shall also be published as a notice of
12 11 intended action as provided in section 17A.4.

12 12 2. This division of this Act, being deemed of immediate
12 13 importance, takes effect upon enactment.

12 14 3. The change from "savings refund" to "state match" as
12 15 authorized in section 422.7, subsection 28, and section
12 16 541A.3, as amended by this Act, is retroactively applicable to
12 17 January 1, 2008, for the tax year commencing on January 1,
12 18 2008.

12 19 DIVISION IV
12 20 APPROPRIATIONS

12 21 Sec. 18. COMMUNITY MICROENTERPRISE DEVELOPMENT
12 22 ORGANIZATION GRANTS == APPROPRIATION.

12 23 1. There is appropriated from any interest or earnings on
12 24 moneys in the federal economic stimulus and jobs holding fund
12 25 to the department of economic development for the fiscal year
12 26 beginning July 1, 2008, and ending June 30, 2009, the
12 27 following amount, or so much thereof as is necessary, to be
12 28 used for the purposes designated:

12 29 For competitive grants to community microenterprise
12 30 development organizations, including salaries, support,
12 31 maintenance, miscellaneous purposes, and for not more than the
12 32 following full-time equivalent positions:
12 33 \$ 475,000
12 34 FTEs 1.00

12 35 2. Of the moneys appropriated in subsection 1, not more
13 1 than \$80,000 shall be expended on any one community
13 2 microenterprise development organization.

13 3 3. From the moneys appropriated in subsection 1, the
13 4 department shall award grants to at least three community
13 5 microenterprise development organizations in rural areas of
13 6 the state that show an economic growth rate lower than the
13 7 average economic growth rate of the state.

13 8 4. From the moneys appropriated in subsection 1, the
13 9 department shall award grants to at least two community
13 10 microenterprise development organizations in neighborhoods in
13 11 urban areas of the state that show high rates of poverty and
13 12 signs of economic distress.

13 13 5. Of the moneys appropriated in subsection 1, not more
13 14 than \$80,000 may be used for a full-time equivalent staff
13 15 person to administer the community microenterprise development
13 16 organization grants.

13 17 6. Of the moneys appropriated in subsection 1, not more
13 18 than \$20,000 may be used to contract with an expert in
13 19 microenterprise development for consultation, technical
13 20 assistance, and recommendations regarding best practices and
13 21 industry standards for the development of community
13 22 microenterprises.

13 23 Sec. 19. WATER TRAILS AND LOW HEAD DAM PUBLIC HAZARD
13 24 STATEWIDE PLAN == APPROPRIATION. There is appropriated from
13 25 any interest or earnings on moneys in the federal economic
13 26 stimulus and jobs holding fund to the department of natural
13 27 resources for the fiscal year beginning July 1, 2008, and
13 28 ending June 30, 2009, the following amount, or so much thereof
13 29 as is necessary, to be used for the purposes designated:

13 30 For the establishment and administration of a water trails
13 31 and low head dam public hazard statewide plan, including
13 32 salaries, support, maintenance, and miscellaneous purposes:
13 33 \$ 250,000

13 34 Sec. 20. RIVER ENHANCEMENT COMMUNITY ATTRACTION AND
13 35 TOURISM FUND == APPROPRIATION. There is appropriated from any
14 1 interest or earnings on moneys in the federal economic
14 2 stimulus and jobs holding fund for deposit in the river
14 3 enhancement community attraction and tourism fund created in
14 4 section 15F.205 for the fiscal year beginning July 1, 2008,
14 5 and ending June 30, 2009, the following amount, or so much
14 6 thereof as is necessary, to be used for the purpose
14 7 designated:

14 8 For financial assistance to applicants under section
14 9 15F.205:

14 10 \$ 2,000,000

14 11 Sec. 21. INDIVIDUAL DEVELOPMENT ACCOUNTS == STATE MATCH
14 12 FUND APPROPRIATION. There is appropriated from the federal
14 13 economic stimulus and jobs holding fund to the department of
14 14 human rights for the fiscal year beginning July 1, 2008, and
14 15 ending June 30, 2009, the following amount, or so much thereof
14 16 as is necessary, to be used for the purposes designated:

14 17 To be credited to the individual development account state
14 18 match fund created in this Act:

14 19 \$ 150,000

14 20 FTEs .50

14 21 Of the funds appropriated in this section, \$50,000 may be
14 22 used by the department to administer an individual development
14 23 account program and to contract with the Iowa community action
14 24 association for the implementation, outreach, and technical
14 25 assistance to local community organizations engaged in efforts
14 26 to encourage savings by, and increase the financial literacy
14 27 of, Iowa families. Any remaining funds shall be utilized to
14 28 implement the individual development account program as
14 29 described in section 541A.7.

14 30 EXPLANATION

14 31 This bill relates to economic development by creating a
14 32 community microenterprise development organization grant
14 33 program, a microenterprise development advisory committee, and
14 34 a river enhancement community attraction and tourism fund.

14 35 The bill directs the department of economic development to
15 1 award grants to community microenterprise development
15 2 organizations. Microenterprises are businesses with five or
15 3 fewer employees that lack collateral for loans and have
15 4 difficulty securing financing. The bill requires the
15 5 department to consider the following criteria in awarding
15 6 grants: the overall geographic diversity of the applicants,
15 7 the ability of a community microenterprise development
15 8 organization to provide services to low-income and
15 9 moderate-income individuals and underserved communities, the
15 10 scope and efficient delivery of the services offered, the
15 11 ability to monitor the progress of clients, the ability to
15 12 build relationships and coordinate resources with other
15 13 entities, the ability to coordinate activities with targeted
15 14 small business advocate services, the amount and sufficiency
15 15 of available operating funds, and any other criteria the
15 16 department deems reasonable.

15 17 The bill establishes a microenterprise development advisory
15 18 committee within the department of economic development and
15 19 directs the committee to study and make recommendations to the
15 20 department regarding the development of microenterprises.

15 21 The bill extends the community attraction and tourism
15 22 program at its current funding levels through the fiscal year
15 23 ending June 30, 2013. The program is currently funded each
15 24 year by a \$5 million appropriation from the rebuild Iowa
15 25 infrastructure fund and a \$7 million appropriation from the
15 26 franchise tax revenues deposited in the general fund of the
15 27 state.

15 28 The bill also expands the scope of the community attraction
15 29 and tourism program by creating a river enhancement community
15 30 attraction and tourism fund and directing the vision Iowa
15 31 board to expend any moneys appropriated to the fund for the
15 32 creation and enhancement of community attractions and tourism
15 33 opportunities along lakes, rivers, and river corridors in
15 34 cities across the state.

15 35 The bill relates to individual development accounts
16 1 authorized for certain individuals with low income. Under
16 2 current law in Code chapter 541A, the department of human
16 3 services administers the accounts through operating
16 4 organizations who certify the accounts. Account holder
16 5 deposits may be matched by operating organizations, federal
16 6 individual development account funding, and state savings
16 7 refunds providing a state match for the deposits of account
16 8 holders with family incomes of 200 percent or less of the
16 9 federal poverty level. The state savings refund amount ranges

16 10 from 15=25 percent of account holder deposits, depending on
16 11 income. Interest and earnings on the accounts and the
16 12 deposits made to an account by others is exempt from state
16 13 income tax. Withdrawals from an account must be approved by
16 14 the operating organization for one of the following approved
16 15 purposes: higher education costs, training programs, purchase
16 16 of a primary residence or improvements to such residence,
16 17 capitalization of a small business start-up, or certain
16 18 emergency medical costs.

16 19 The bill makes a number of changes to the requirements for
16 20 individual development accounts. New approved purposes for
16 21 using the accounts are provided authorizing purchase of an
16 22 automobile, purchase of assistive technology to assist an
16 23 account holder or family member with a disability, or for
16 24 other purposes approved in rule. The maximum amount of
16 25 deposits of principal to an account is reduced from \$50,000 to
16 26 \$30,000. Administration of the program is moved from the
16 27 department of human services to the division of community
16 28 action agencies of the department of human rights.
16 29 Requirements for household income determinations and other
16 30 procedures for the accounts are required to be adopted in rule
16 31 by the commission on community action agencies. The division
16 32 of community action agencies is required to utilize a request
16 33 for proposals process for selection of operating organizations
16 34 and approval of financial institutions.

16 35 The bill includes a temporary authorization for operation
17 1 of the accounts in accordance with the rules adopted by the
17 2 department of human services until replacement rules are
17 3 adopted. The commission may adopt the replacement rules using
17 4 emergency procedures which forego public comment and review by
17 5 the administrative rules review committee.

17 6 The state savings refund is changed to a state match and is
17 7 increased to 100 percent of account holder deposits. The
17 8 current state match limit of a percentage of account holder
17 9 deposits of up to \$2,000 per calendar year is charged with an
17 10 overall limit of \$2,000. If funding is available the
17 11 commission may authorize implementing refugee accounts with
17 12 withdrawals approved for the special needs of refugee
17 13 families. Code section 422.7, providing for adjustments to
17 14 income for purposes of determining net income under the state
17 15 income tax, is amended to include a reference to state match
17 16 payments in the exemption provision relating to individual
17 17 development accounts. The provisions of the bill referencing
17 18 the state match payment are retroactively applicable to
17 19 January 1, 2008, for the tax year beginning on that date.

17 20 An individual development account state match fund is
17 21 created in new Code section 541A.7 with a standing
17 22 appropriation of any moneys available in the fund to the
17 23 division for payments of state matches. The division of
17 24 community action agencies is authorized to revise the match
17 25 payment provisions as necessary to restrict payments to the
17 26 funding available. A requirement for the program
17 27 administrator to work with the federal government and the
17 28 state's congressional delegation to secure federal tax
17 29 exemption for the accounts and account earnings and to report
17 30 annually is repealed. A portion of any appropriations from
17 31 the fund may be used for administrative costs.

17 32 This division of the bill relating to individual
17 33 development accounts takes effect upon enactment.

17 34 The bill appropriates a total of \$2,875,000 from interest
17 35 earned on the moneys in the federal economic stimulus and jobs
18 1 holding fund to a number of different programs and funds.
18 2 First, the bill appropriates \$475,000 for the administration
18 3 and awarding of grants to community microenterprise
18 4 development organizations. Second, the bill appropriates
18 5 \$250,000 to the department of natural resources for the
18 6 administration of a water trails and low head dam statewide
18 7 plan. Third, the bill appropriates \$2,000,000 to the river
18 8 enhancement community attraction and tourism fund.

18 9 Finally, the bill appropriates \$150,000 from the federal
18 10 economic stimulus and jobs holding fund to the individual
18 11 development account state match fund.

18 12 LSB 6623SV 82

18 13 tw/rj/8