

# House Study Bill 238

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
REBUILD IOWA AND DISASTER  
RECOVERY BILL BY  
CHAIRPERSON SCHUELLER)

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

## A BILL FOR

1 An Act relating to disaster recovery for businesses through the  
2 loan and guarantee program and other activities by the  
3 department of economic development and providing an effective  
4 date.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TLSB 1844HC 83  
7 tm/nh/8

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1 1 Section 1. Section 15.108, subsection 9, Code 2009, is  
1 2 amended by adding the following new paragraph:  
1 3 NEW PARAGRAPH. g. By thirty days after the effective date  
1 4 of this Act, establish, maintain, and market an internet  
1 5 website for purposes of providing information regarding  
1 6 federal, state, or other financial resources for Iowa  
1 7 businesses. The internet website shall use a different domain  
1 8 name than the domain name used by the department for other  
1 9 departmental information dissemination.  
1 10 Sec. 2. Section 15E.222, subsection 1, paragraphs a and c,  
1 11 Code 2009, are amended to read as follows:  
1 12 a. That in the midst of weak economic climates and during  
1 13 recovery periods following natural disasters, small and  
1 14 medium-sized businesses, in general, and certain targeted  
1 15 industry businesses, businesses affected by disaster, and  
1 16 other qualified businesses, in particular, have a particularly  
1 17 high need for capital and financing and may not qualify for  
1 18 conventional financing.  
1 19 c. That, to enhance competitiveness and foster economic  
1 20 development, this state must focus on growth in certain  
1 21 specific targeted industry businesses and other qualified  
1 22 businesses, especially during a time of war in the midst of  
1 23 weak economic climates and during recovery periods following  
1 24 natural disasters.  
1 25 Sec. 3. Section 15E.222, subsection 2, paragraphs a and b,  
1 26 Code 2009, are amended to read as follows:  
1 27 a. To create incentives and assistance to increase the  
1 28 flow of private capital to targeted industry businesses,  
1 29 businesses affected by disaster, and other qualified  
1 30 businesses.  
1 31 b. To promote industrial modernization and technology  
1 32 adoption, particularly with respect to investment that  
1 33 promotes environmental sustainability.  
1 34 Sec. 4. Section 15E.222, subsection 2, Code 2009, is  
1 35 amended by adding the following new paragraphs:  
2 1 NEW PARAGRAPH. e. To promote the stabilization and growth  
2 2 of Iowa's economy.  
2 3 NEW PARAGRAPH. f. To assist in the rebuilding of and  
2 4 fostering economic growth in communities affected by natural  
2 5 disasters.  
2 6 Sec. 5. Section 15E.223, subsection 3, Code 2009, is  
2 7 amended to read as follows:  
2 8 3. a. "Qualified business" means an any of the following:  
2 9 (1) An existing or proposed business entity with an annual  
2 10 average number of employees not exceeding two hundred  
2 11 employees.  
2 12 (2) A business located in an area declared a disaster area  
2 13 by the president of the United States.  
2 14 (3) A business filling a critical need as determined by a  
2 15 resolution of a city council provided the critical need is in

2 16 conformance with the comprehensive plan of the city and the  
2 17 business is located in the city. For purposes of this  
2 18 subparagraph, "located in the city" means a business located  
2 19 within two miles of the city limits or within the city limits.

2 20 b. "Qualified business" does not include businesses  
2 21 engaged primarily in retail sales, real estate, or the  
2 22 provision of health care or other professional services.

2 23 c. "Qualified business" includes professional services  
2 24 businesses that provide services to targeted industry  
2 25 businesses or other entities.

2 26 Sec. 6. Section 15E.224, subsection 1, Code 2009, is  
2 27 amended to read as follows:

2 28 1. The department shall establish and administer a loan  
2 29 and credit guarantee program. The department, pursuant to  
2 30 agreements with financial institutions, shall provide loan and  
2 31 credit guarantees, or other forms of credit guarantees for  
2 32 qualified businesses and targeted industry businesses for  
2 33 eligible project costs. The department may invest up to ten  
2 34 percent of the assets of the loan and credit guarantee fund,  
2 35 or five hundred thousand dollars, whichever is greater, to  
3 1 provide loan and credit guarantees or other forms of credit  
3 2 guarantees for eligible project costs to microenterprises  
3 3 located in a municipality with a population under fifty  
3 4 thousand that is not contiguous to a municipality with a  
3 5 population of fifty thousand or more. For purposes of this  
3 6 division, "microenterprise" means a business providing  
3 7 services with five or fewer full-time equivalent employee  
3 8 positions. A loan or credit guarantee provided under the  
3 9 program may stand alone or may be used in conjunction with or  
3 10 to enhance other loans or credit guarantees offered by  
3 11 private, state, or federal entities. The department may  
3 12 purchase insurance to cover defaulted loans meeting the  
3 13 requirements of the program. However, the department shall  
3 14 not in any manner directly or indirectly pledge the credit of  
3 15 the state. Eligible project costs include expenditures for  
3 16 productive equipment and machinery, working capital for  
3 17 operations and export transactions, research and development,  
3 18 marketing, improvements that increase the energy efficiency or  
3 19 sustainability of a business, and such other costs as the  
3 20 department may so designate. Eligible project costs include  
3 21 improvements and repairs to property, including real property,  
3 22 of a qualified business.

3 23 Sec. 7. Section 15E.224, subsection 6, Code 2009, is  
3 24 amended by adding the following new paragraph:  
3 25 NEW PARAGRAPH. e. That the loan or credit guarantee does  
3 26 not invoke or pledge the credit of the state and that any  
3 27 claim made pursuant to the loan or credit guarantee shall be  
3 28 limited to the terms and amount of the loan or credit  
3 29 guarantee and to the loan and credit guarantee fund.

3 30 Sec. 8. EFFECTIVE DATE. This Act, being deemed of  
3 31 immediate importance, takes effect upon enactment.

3 32 EXPLANATION

3 33 This bill relates to disaster recovery for businesses.  
3 34 The bill requires the department of economic development to  
3 35 establish, maintain, and market an internet website for  
4 1 purposes of providing information regarding federal, state,  
4 2 and other financial resources for Iowa businesses.

4 3 The bill expands the definition of "qualified business"  
4 4 under the loan and credit guarantee program to include a  
4 5 business located in an area declared a disaster area by the  
4 6 president of the United States and a business filling a  
4 7 critical need as determined by a city council provided the  
4 8 critical need is in conformance with the comprehensive plan of  
4 9 the city and the business is located in the city.

4 10 The bill provides that eligible costs under the loan and  
4 11 credit guarantee program include costs for improvements that  
4 12 increase energy efficiency or sustainability of a business and  
4 13 costs for improvements and repairs to property, including real  
4 14 property, of a qualified business.

4 15 The bill takes effect upon enactment.

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