

Senate File 161 - Introduced

SENATE FILE 161

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A BILL FOR

1 An Act relating to economic development by making changes to
2 the administration of the save our small businesses fund and
3 program and including effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 15.301, subsection 1, paragraph c, Code
2 2011, is amended to read as follows:

3 c. (1) If, on March 31, ~~2011~~ 2013, there are unobligated
4 moneys in the fund, such unobligated moneys shall revert to the
5 general fund of the state.

6 (2) For each quarter, beginning with the first quarter after
7 the reversion of moneys pursuant to subparagraph (1) and ending
8 with the last quarter prior to the reversion of moneys pursuant
9 to subparagraph (3), the department shall, on the last day of
10 the quarter, transfer to the general fund of the state the
11 balance of unencumbered moneys in the fund.

12 (3) On March 31, ~~2016~~ 2018, all moneys in the fund shall
13 revert to the general fund of the state.

14 Sec. 2. Section 15.301, subsection 2, paragraph a, Code
15 2011, is amended to read as follows:

16 a. The department shall establish and administer a program
17 for purposes of providing financial assistance to eligible
18 small businesses. For purposes of this section, "*financial*
19 *assistance*" means loans at an interest rate not to exceed three
20 and nine-tenths percent per annum and "*eligible small business*"
21 means a small business meeting the requirements of subsection
22 3. In administering the program, the department may negotiate
23 the terms on which the financial assistance is provided and may
24 include such terms in the loan agreements as are best designed
25 to effectuate the program's goals. Such terms may provide for
26 up to six months of interest-free financing.

27 Sec. 3. Section 15.301, subsection 2, paragraph e, Code
28 2011, is amended to read as follows:

29 e. The department, under the terms of an agreement with
30 ~~the~~ an organization designated pursuant to paragraph "b",
31 shall begin to provide financial assistance from the fund not
32 later than August 1, 2010, and shall to the extent practicable
33 obligate all available moneys in the fund prior to March 31,
34 ~~2011~~ 2013.

35 Sec. 4. Section 15.301, subsection 3, paragraph d, Code

1 2011, is amended to read as follows:

2 *d.* The business has a business plan and has received
3 assistance in the development stage or the expansion stage from
4 a one of the following:

5 (1) A small business development center ~~or from a~~.

6 (2) A qualified public or nonprofit small business
7 consultant as defined by the department.

8 (3) A bank, credit union, or extension office deemed
9 capable of administering the provisions of this section by the
10 department.

11 Sec. 5. Section 15.301, subsection 5, paragraph c, Code
12 2011, is amended to read as follows:

13 *c.* (1) An eligible business that receives financial
14 assistance under this section shall not use such financial
15 assistance for purposes of meeting payroll obligations to
16 employees. However, the department may authorize an eligible
17 business to use not more than twenty-five percent of the loan
18 proceeds for purposes of meeting certain eligible operational
19 expenses.

20 (2) The department shall by rule determine what expenses
21 qualify as eligible operational expenses. In making such a
22 determination, the department shall consider factors such as
23 the availability and sufficiency of collateral, operational
24 cash flow, credit history, and adequacy of insurance coverage.

25 Sec. 6. 2010 Iowa Acts, chapter 1184, section 43, is amended
26 to read as follows:

27 SEC. 43. SAVE OUR SMALL BUSINESSES FUND APPROPRIATION.

28 There is appropriated from the school infrastructure fund
29 created in section 12.82 to the department of economic
30 development for deposit in the save our small businesses fund
31 for the fiscal year beginning July 1, 2010, and ending June 30,
32 2011, the following amount, or so much thereof as is necessary,
33 to be used for the purposes designated:

34 For purposes of providing financial assistance under the
35 save our small businesses program under section 15.301:

1 \$ 5,000,000

2 Of the moneys appropriated pursuant to this section, the
3 department may allocate an amount not to exceed two percent of
4 the moneys appropriated for purposes of retaining the services
5 of an organization designated pursuant to section 15.301,
6 subsection 2, paragraph "b".

7 Of the moneys appropriated pursuant to this section, the
8 department may allocate not more than \$25,000 for purposes of
9 marketing the save our small businesses program.

10 Notwithstanding section 8.33, moneys appropriated in this
11 section that remain unencumbered or unobligated at the close of
12 the fiscal year shall not revert but shall remain available for
13 expenditure for the purposes designated.

14 Sec. 7. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
15 immediate importance, takes effect upon enactment.

16 EXPLANATION

17 This bill relates to the administration of the save our
18 small businesses fund and program by the department of economic
19 development.

20 The bill extends by two years the time period during which
21 the department must obligate the funds available under the
22 program, allows the department to negotiate the terms on which
23 financial assistance is provided, directs the department to
24 accept business plans from banks, credit unions, and extension
25 offices, allows the department to authorize up to 25 percent of
26 the loan proceeds for certain operational expenses, and allows
27 the department to use up to \$25,000 of the moneys in the fund
28 for purposes of marketing the program.

29 Since the program has a statutorily defined schedule of
30 reversions to the general fund, the bill amends 2010 Iowa Acts
31 chapter 1184 to notwithstanding the reversion of programs moneys
32 to the general fund at the close of the fiscal year pursuant to
33 Code section 8.33.

34 The bill takes effect upon enactment.