

CHAPTER 207
JOB CREATION PROGRAMS ESTABLISHED AND FINANCED
S.F. 548

AN ACT for the purpose of improving the Iowa economy and providing improved employment conditions by establishing work relief programs for unemployed Iowans, establishing energy management programs for certain local governments and in buildings owned or occupied by state agencies, encouraging capital investment to stimulate the establishment or expansion of small business and industry, establishing a small business division within the Iowa development commission, creating an Iowa product development corporation, appropriating funds for a residential mortgage interest reduction program, creating an Iowa high technology council, establishing a community development loan program, establishing a fund from which to make loans for the establishment of soil and water conservation practices, authorizing the Iowa department of transportation to issue and become obligated for road use tax revenue bonds, establishing a job training partnership program, providing for the establishment of a corporation by the Iowa development commission which will organize and manage an investment fund which will invest in Iowa enterprises and allowing a state income tax credit on the net investment in the fund, establishing a program to aid communities in developing festivals and other tourist attractions, and making various appropriations to carry out the programs.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I

*Section 1. TITLE. Division I of this Act shall be known as the "Iowans Out of Work Act of 1983".

Sec. 2. IOWA JOBS NOW. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1983, and ending June 30, 1984, three million six hundred thousand (3,600,000) dollars, or so much thereof as is necessary, to establish and fund a statewide work relief program for unemployed Iowans, to be known as the Iowa jobs now program, in accordance with the following conditions:

1. Of the funds appropriated under this section from the general fund of the state, three million (3,000,000) dollars, or so much thereof as is necessary, is appropriated to the office for planning and programming to be used as follows:*

a. A policy-making commission is established to direct and supervise the establishment and funding of local work relief projects. The commission shall consist of five public members, not more than two from the same political party, appointed by the governor subject to confirmation by the senate under section 2.32, and one senator, to serve as an ex officio nonvoting member, appointed by the president of the senate, and one representative, to serve as an ex officio nonvoting member, appointed by the speaker of the house of representatives. Notwithstanding section 69.19, the commission members' terms of office shall begin as soon as all members are appointed and shall expire on June 30, 1985. Members of the commission while

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engaged in their official duties shall be reimbursed for their actual and necessary expenses. Public members shall be reimbursed from funds appropriated by this division. Members of the general assembly shall be reimbursed pursuant to section 2.12. The appointments under this section shall be made within thirty days after the effective date of this division. The commission shall meet as soon as possible after the effective date of this division to establish policies for the implementation of the Iowa jobs now program on July 1, 1983.

*b. Funds under the program shall be made available to the state, a state agency, or a county or city which establishes and administers a work relief project, but shall not be made available to a hospital or a school district. The jobs commission shall prescribe standards for the priority selection of work relief projects to be funded under the program. The standards shall include, but are not limited to, priority selection based on the commitment of local matching funds at a ratio of one dollar of local funds to each dollar of state funds; the project's rate of economic return to the community; the number of individuals who will work on the project; the number of individuals who would benefit from the project; the benefit to the community as a whole and the need for the project. Sixty percent of the state funds shall be targeted to those counties of the state with unemployment rates at least two percent above the statewide unemployment rate, as determined by the jobs commission from statistics provided by the department of job service. The remaining funds shall be distributed to other counties of the state. The office for planning and programming may prohibit or limit the use of the funds for state, county or city administrative or supervisory expenses. The state, state agency, county or city shall pay for all necessary project supplies and materials. The office for planning and programming shall not administer or supervise local projects but shall provide technical support and financial accounting services only to the program. The office for planning and programming shall not use more than one and one-half percent of the funds appropriated under this subsection for administrative expenses.

c. The state, state agency, county or city which establishes a local work relief project shall administer the project and shall hire and supervise individuals to work on the project. The state shall provide general liability coverage for the individuals employed, under chapter 25A, as if the individuals were employees of the state. The state shall provide workers' compensation coverage for the individuals employed under sections 85.57 and 85.58 as if the individuals were state employees. Individuals employed on a project are exempt from the provisions of chapter 96, under section 96.19, subsection 6, paragraph a, subparagraph (6), subpart (e), and are hereby exempted from the provisions of chapters 19A, 97B, and 400.

d. The state, state agency, county or city shall employ only those unemployed individuals, who receive little or no unearned income and who have exhausted all available unemployment compensation benefits or are not eligible for unemployment compensation benefits, to work on a local work relief project. The jobs commission may prescribe a uniform procedure to disregard all or a portion of an unemployed individual's unearned income. The individuals shall be paid the federal statutory minimum hourly wage, and shall not be employed for more than thirty-two hours per week in order to allow the individuals to seek private employment. The individuals shall apply for any job training or counseling services available within their respective service delivery areas under the federal Job Training Partnership Act, Pub. L. No. 97-300.

This subsection shall not be construed to disqualify individuals employed by a local work relief project from receiving services for which the individuals are otherwise eligible under the federal Job Training Partnership Act, Pub. L. No. 97-300.

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e. The state, state agency, county or city shall not employ the individuals to replace regular state, county or city employees, but shall employ the individuals in labor-intensive jobs for no longer than six months. However, if federal law or regulation prohibits an individual's exemption from chapter 96, the individual shall be employed for no longer than three months. Hiring practices shall follow an affirmative action plan based upon guidelines provided by the Iowa state civil rights commission. The plan shall provide for the hiring of women in traditional and nontraditional employment.

f. Notwithstanding section 8.33, unencumbered or unobligated funds appropriated by this subsection for the fiscal year beginning July 1, 1983 and ending June 30, 1984 shall not revert to the general fund of the state until June 30, 1985.

2. Of the funds appropriated under this section from the general fund of the state, five hundred thousand (500,000) dollars, or so much thereof as is necessary, is appropriated to the office for planning and programming to contract with the federal action agency for the establishment and funding of a volunteers in service to Iowa program for unemployed Iowans in accordance with the following conditions:

a. The policy-making commission established in subsection 1 shall direct and supervise the establishment and funding of the volunteers in service to Iowa program. The office for planning and programming shall contract with the federal action agency to administer the volunteers in service to Iowa program on a cost-sharing basis with the federal action agency. The federal action agency shall not use more than one and one-half percent of the funds appropriated under this subsection for administrative expenses. If the office for planning and programming is unable to contract with the federal action agency, the office shall monitor the use of funds under the program, and shall not use more than one and one-half percent of the funds appropriated under this subsection for administrative expenses.

b. Funds under the program shall be used to pay a stipend of three hundred thirty-five dollars per one-month period to unemployed volunteers who receive little or no unearned income and who have exhausted all available unemployment compensation benefits or are not eligible for unemployment compensation benefits. In addition, the volunteers shall receive at the end of their period of work assignment, seventy-five dollars for each month of work completed. The commission may prescribe a uniform procedure to disregard all or a portion of an unemployed individual's unearned income. The volunteers may be assigned to work for any public or nonprofit entity for a minimum of six months and a maximum of one year. However, if a contract with the federal action agency is not entered into for administration of the program, a volunteer under the program shall be assigned to work for no longer than three months. The volunteers shall agree to make a full-time commitment to a work assignment which is beneficial to the community or assists unemployed or elderly, low-income Iowans or other needy Iowans to become more self-sufficient or to improve their quality of life. The volunteers shall be available for work at least forty hours per week without regard to regular working hours and at all times during their periods of work, except for authorized periods of leave. The work assignments may include, but are not limited to, assignments to projects providing chore services for the elderly, remedial reading or writing instruction, community or individual gardening instruction and organization, food cooperative instruction and organization, home energy conservation assistance, skill-sharing instruction and organization, distribution services for public or private commodities, and child day care. The work assignments shall not be made to replace regular employees or for participation in religious activities. The work assignments shall, if possible and where needed, be approached in a manner which would assist in the continuation of volunteers' assignments beyond their terms of assignment, by encouraging local involvement.

c. The public or nonprofit entity to which an individual is assigned shall supervise and direct the individual and shall pay for all necessary work materials, supplies, and transportation costs. Work assignment practices shall follow an affirmative action plan based upon guidelines provided by the Iowa state civil rights commission. The plan shall provide for the assignment of women to traditional and nontraditional employment. If the federal action agency administers the program, volunteers are provided general liability, health and accident, and workers' compensation coverage pursuant to federal regulations. If a contract with the federal action agency is not entered into for the administration of the program, the state shall provide general liability coverage for the volunteers, under chapter 25A, as if the volunteers were employees of the state, and the state shall provide workers' compensation coverage for the volunteers under sections 85.57 and 85.58 as if the volunteers were state employees. The volunteers are exempt from the provisions of chapter 96, under section 96.19, subsection 6, paragraph a, subparagraph (6), subpart (e), and are hereby exempted from the provisions of chapters 19A, 97B, and 400.

d. Notwithstanding section 8.33, unencumbered or unobligated funds appropriated by this subsection for the fiscal year beginning July 1, 1983 and ending June 30, 1984 shall not revert to the general fund of the state until June 30, 1985. Funds appropriated by this subsection may be transferred under section 8.39 to the local work relief projects funded under subsection 1 if the funds are not needed for the volunteers to service in Iowa program.

3. Of the funds appropriated under this section from the general fund of the state, one hundred thousand (100,000) dollars, or so much thereof as is necessary, is appropriated to the Iowa arts council, to be used as follows:

a. An individual artist may receive a cash grant not to exceed three thousand dollars for a project determined to be in the public good including but not limited to touring performances and exhibitions, concerts for hospitals or nursing home residents, school concerts, participation in art festivals, fairs, and conventions, paintings, drawings, or sculpture for state buildings, photographic documentation of life in Iowa, public murals, training seminars for students, poetry readings, publications, school residencies, or other projects which are open to the public. A grantee may request an additional stipend not to exceed ten percent of the grant to be used for materials and transportation costs. A grant may be made to an individual artist for a project involving a group of artists. Only the individual artist submitting the application must qualify under paragraph d.

b. An eligible organization under paragraph d may apply for a grant not to exceed three thousand dollars to match an equal amount to be used to hire, for up to one year, an artist-in-residence or arts administrator. Artists hired must meet the eligibility requirements of paragraph d.

c. Applications for a grant may be submitted to the Iowa arts council or to any job service office in the state. Applications shall be reviewed monthly by an advisory committee appointed under section 304A.6, subsection 4. The advisory committee shall submit recommendations to the council regarding possible recipients and the grant amount.

d. An individual must be an Iowa resident and must have been unemployed or had a combined adjusted gross income for federal income tax purposes for the individual and the individual's spouse of less than ten thousand dollars during the twelve months prior to making application. An organization must be incorporated under chapter 504A.

e. The Iowa arts council shall require all grantees to sign a contract and to report to the council within forty-five days following completion of the project. Works produced by a person receiving an individual grant are the property of the state in care of the Iowa arts council. Works produced by a person hired by an organization receiving a grant are the property of the organization.

4. The policy-making commission established in subsection 1 shall cooperate with the state job training coordinating council established pursuant to the federal Job Training Partnership Act, Pub. L. No. 97-300, in the implementation of the Iowa jobs now program. State agencies shall cooperate with the federal action agency in the implementation of the volunteers in service to Iowa program and with the office for planning and programming in the implementation of the Iowa jobs now program, and shall provide necessary job training and technical assistance, for short periods of time, in assisting in the implementation of the Iowa jobs now program. Chapter 17A does not apply to the office for planning and programming or to the cooperating state agencies in the implementation of the Iowa jobs now program.*

DIVISION II

Sec. 3. There is appropriated from the general fund of the state to the energy policy council for the fiscal year beginning July 1, 1983 and ending June 30, 1984, the sum of five hundred thousand (500,000) dollars, and from federal oil overcharge funds apportioned to Iowa under Pub. L. No. 97-377, the sum of five hundred thousand (500,000) dollars, or so much thereof as is necessary to be used for grants to state agencies for energy management programs in buildings owned or occupied by state agencies.

Sec. 4. The energy policy council shall allocate the funds appropriated in section 3 of this division to state agencies according to the following guidelines:

1. Preference shall be given to projects for energy conservation improvements in buildings owned by the state or by another unit of government that are occupied by a state agency.
2. The funds may also be used for grants for training maintenance personnel in energy management, the installation of utility meters to monitor energy use in buildings occupied by state agencies, energy audits of buildings occupied by state agencies, and consultation with state agencies in the area of technical energy management.
3. At least sixty percent of the funds appropriated in section 3 of this division shall be used for energy management programs in state owned buildings and buildings owned by another unit of government that are occupied by a state agency and which are located in a county with an unemployment rate that is above the statewide unemployment rate, as determined by statistics provided by the department of job service.

Sec. 5. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1983 and ending June 30, 1984, fifty thousand (50,000) dollars and from federal oil overcharge funds apportioned to Iowa under Pub. L. No. 97-377, one million three hundred eighty-seven thousand two hundred (1,387,200) dollars, or so much thereof as is necessary, to the energy policy council to be used for grants to local governments for energy management programs, to be used as follows:

1. Funds appropriated in this section are allocated for grants to cities, counties, and area education agencies for the following programs according to the following percentages:
 - a. For grants to area education agencies to consult in the area of technical energy management with school districts 15 percent
 - b. For grants to local governments to train maintenance personnel in energy management 4 percent
 - c. For grants to local governments to pay for the installation of utility meters to monitor energy use in buildings occupied by government agencies 6 percent

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- d. For grants to local governments for energy audits of buildings occupied by government agencies 28 percent
- e. For grants to local governments, except hospitals and school districts, for energy conservation improvements in government-owned buildings 47 percent

2. Cities, counties, and area education agencies are eligible for grants under subsection 1. The governing body of the unit of local government may apply for and is designated to receive the grant. The amount of the grant shall not exceed fifty percent of the cost of the project and the application must demonstrate that the local government will provide the required matching money.

3. In approving grants under this section, the energy policy council shall give priority to projects which are the most labor intensive and which produce the greatest energy conservation benefits. Each grant request shall contain information regarding the number of persons expected to be employed as a result of the grant, the number of permanent jobs which might result from the approval of the grant, and the projected energy savings.

Sec. 6. There is appropriated from the interest and earnings on investments from the federal oil overcharge funds described in sections 3 and 5 of this division which have been deposited in the general fund of the state not more than sixty-six thousand (66,000) dollars, or so much thereof as may be necessary, for attorney fees incurred by the state in obtaining the state's share of the federal oil overcharge funds under Pub. L. No. 97-377. Payment of these attorney fees is subject to the approval of the attorney general and the executive council.

DIVISION III

*Sec. 7. NEW SECTION. 220.70 PURPOSE. It is the purpose of this division to provide capital investment in the state to encourage the establishment or expansion of small business and industry, to provide additional jobs within the state, and to assist communities to diversify and stabilize the economies

Sec. 8. NEW SECTION. 220.71 CERTIFIED DEVELOPMENT PROGRAM. The authority shall implement a program to assist small businesses in obtaining funds to establish and expand small businesses and create new jobs. The authority shall use the funds to cooperate with and implement the certified development program of the United States small business administration. The funds provided by the authority shall be in the form of loans. The loans shall be made available in cooperation with local and statewide certified development companies and shall be available to small businesses qualified under guidelines of the United States small business administration. Section 220.62, subsection 2, applies to the administration of this section.

For purposes of this division, "small business" means small business as defined in section 220.1, subsection 28 and "capital infusion loan" means a loan under this division by the authority to a small business.

Sec. 9. NEW SECTION. 220.72 CAPITAL INFUSION LOANS. Capital infusion loans authorized under this division shall be made from funds appropriated to the authority for that purpose. A capital infusion loan shall be made only in conjunction with a loan made through or in conjunction with a United States small business administration loan for a project. The capital infusion loan shall not constitute more than ten percent of the entire amounts loaned to the small business with respect to the project. The authority may fund other portions of the

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project with loans of the authority made pursuant to other sections of this chapter. Capital infusion loans shall be repaid under terms determined by the authority. However, the small business shall not be required to pay interest on that part of the loan received from funds appropriated to the authority for that purpose from the general fund of the state.

Sec. 10. Sections 7 through 9 are enacted as a new division of chapter 220.

Sec. 11. There is appropriated from the general fund of the state to the Iowa housing finance authority for the fiscal year beginning July 1, 1983 and ending June 30, 1984, the sum of five million (5,000,000) dollars, or so much thereof as is necessary, to implement this division.*

DIVISION IV

Sec. 12. NEW SECTION. 28.35 PURPOSES. It is the purpose of the general assembly in enacting this division to accomplish the following goals:

1. To provide that the small business division shall be the focal point within the Iowa development commission of activities which address the needs of small businesses in this state.

2. To encourage the creation of nongovernmental, nonsubsidized and permanent jobs in this state, and to increase real income levels in this state by promoting the stability of existing small businesses and the creation of new small businesses.

3. To provide a forum for the coordination of efforts to address the needs and opportunities of small business in this state.

Sec. 13. NEW SECTION. 28.36 DEFINITIONS. As used in this division, unless the context otherwise requires:

1. "Small business division" means the small business development division established within the Iowa development commission.

2. "Administrator" means the administrator of the small business division.

3. "Small business" means a nonprofessional enterprise which is located in this state, and which is operated for profit and under a single management, and which has either fewer than twenty employees or an annual gross income of less than three million dollars.

4. "Advisory council" means the small business advisory council.

Sec. 14. NEW SECTION. 28.37 SMALL BUSINESS DIVISION.

1. The commission shall establish and maintain a small business division.

2. The director shall appoint an administrator who shall serve at the pleasure of the director. The administrator shall supervise the small business division, shall be responsible for the operation of the regulatory information service established pursuant to section 28.17, and shall attend meetings of the commission and the advisory council.

3. The commission shall assign to the small business division personnel employed under section 28.4 as may be required to enable the administrator and the small business division to perform the functions of the small business division.

4. The commission may adopt rules pursuant to chapter 17A for the administration of this division.

5. The commission shall provide that at least twice each year a meeting of the commission authorized by section 28.6 shall be devoted to consultation with the advisory council.

Sec. 15. NEW SECTION. 28.38 SMALL BUSINESS ADVISORY COUNCIL.

1. The governor shall appoint a small business advisory council to consist of eleven members. No more than a simple majority of the members of the advisory council shall be affiliated with the same political party as provided in section 69.16. The advisory council shall

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elect one of its members to serve as its chairperson. Members of the advisory council shall serve four-year terms at the pleasure of the governor subject to confirmation of the senate. The terms shall begin and end as provided in section 69.19. The governor shall fill a vacancy in the same manner as the original appointment for the unexpired portion of the member's term. For the initial appointments to the advisory council, the governor shall appoint five members whose terms shall commence upon appointment and shall expire April 30, 1985 and shall appoint six members whose terms shall commence upon appointment and shall expire April 30, 1987.

2. More than half of the membership of the advisory council shall be persons who own and operate a small business or persons employed in the management of a small business.

3. The advisory council shall meet at least quarterly each year at the seat of government in facilities provided by the commission. In addition, the advisory council shall meet with the commission as provided in section 28.37, subsection 5. The commission shall provide a secretary for meetings of the advisory council.

4. The members of the advisory council shall be paid a forty dollar per diem and shall be reimbursed for actual and necessary expenses incurred in performance of duties. All per diem and expense moneys shall be paid from funds appropriated for the use of the small business division.

5. The advisory council shall advise and consult with the commission and the small business division with respect to matters which are of concern to small businesses. The advisory council may submit recommendations to the commission relating to actual or proposed activities of the small business division, and may submit recommendations for legislative or administrative actions.

Sec. 16. NEW SECTION. 28.39 GENERAL DUTIES OF DIVISION. The small business division shall adopt appropriate service programs to:

1. Receive and review complaints from individual small businesses that relate to rules or decisions of state agencies, and refer questions and complaints to a governmental agency when appropriate.

2. Administer funding for the small business development centers, contracting with the center for industrial research and service for the administration of the program.

3. Channel requests for technical and managerial assistance from small businesses to the small business development centers and the extension system, and other available resources.

4. Provide information to small businesses seeking to establish or expand in Iowa through the regulatory information service created in section 28.17.

5. Study the feasibility of reducing the total number of state licenses, permits, and certificates required to conduct small businesses.

6. Disseminate public information with respect to the legislation, regulation, policies and practices of government which affect the creation and operation of small businesses in this state.

7. Research, propose and promote methods of utilizing small businesses to develop economically depressed areas or to provide jobs for unemployed persons.

8. Encourage and assist small businesses to obtain state contracts and subcontracts by cooperating with the directors of purchasing in the department of general services, the state board of regents, and the department of transportation in performing the following functions:

a. Compiling and maintaining a comprehensive source list of small businesses.

b. Assuring that responsible small businesses are solicited on each suitable purchase.

c. Assisting small businesses in complying with the procedures for bidding and negotiating for contracts.

d. Simplifying procurement specifications and terms in order to increase the opportunities for small business participation.

e. When economically feasible, dividing total purchases into tasks or quantities to permit maximum small business participation.

f. Preparing timely forecasts of repetitive contracting requirements by dollar volume and types of contracts to enhance the participation of responsible small businesses in the public purchasing process.

g. Developing a mechanism to measure and monitor the amount of participation by small businesses in state procurement.

Sec. 17. NEW SECTION. 28.40 ANNUAL REPORT. The small business division shall prepare and submit to the general assembly in January of each year a report of the activities of the small business division during the previous fiscal year. The report shall contain a statement of the expenditures of the small business division for the previous fiscal year and the recommendations of the advisory council, if any, for future action.

Sec. 18. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1983 and ending June 30, 1984, the sum of five hundred thousand (500,000) dollars, or so much thereof as is necessary, to the small business division of the Iowa development commission for the purpose of funding the division's administrative costs and to provide the state's obligation in administering the small business development centers. However, not more than one hundred fifty thousand (150,000) dollars of the amount appropriated in this section shall be used for the purpose of funding the division's administrative costs.

DIVISION V

Sec. 19. NEW SECTION. TITLE. Division V of this Act may be cited as the "Iowa Product Development Corporation Act".

Sec. 20. NEW SECTION. DEFINITIONS. As used in this division unless the context otherwise requires:

1. "Corporation" means the Iowa product development corporation.
2. "Financial aid" means the infusion of risk capital to persons for use in the development and exploitation of specific inventions and products.
3. "Invention" means a new process or new technique without regard to whether a patent has or could be granted.
4. "Product" means a product, device, technique, or process which is exploitable commercially. The term does not mean a product in a pure research stage of development but applies to a product, device, technique, or process which has advanced beyond the theoretic stage and is readily capable of being reduced to practice.
5. "Venture" means a contractual arrangement between a person and the corporation from which the corporation obtains rights, from or in an invention, product, or the proceeds from the product or invention in exchange for granting financial aid to the person.
6. "Board" means the board of directors of the Iowa product development corporation.
7. "President" means the president of the Iowa product development corporation.

Sec. 21. NEW SECTION. PRODUCT DEVELOPMENT CORPORATION.

1. There is created a corporate body called the "Iowa product development corporation". The corporation is a quasi-public instrumentality and the exercise of the powers granted to the corporation in this division is an essential governmental function.

2. The corporation shall be governed by a board of seven directors who shall serve a term of four years. Each term shall begin and end as provided in section 69.19. No more than a simple majority of the members of the board shall belong to the same political party as provided in section 69.16. Each director shall serve at the pleasure of the governor and shall be appointed

by the governor, subject to confirmation by the senate. A director is eligible for reappointment. A vacancy on the board of directors shall be filled in the same manner as an original appointment. For the initial appointments to the board of directors, the governor shall appoint three members whose terms shall commence upon appointment and shall expire April 30, 1985, and four members whose terms shall commence upon appointment and shall expire April 30, 1987.

3. The board of directors shall annually elect one member as chairperson and one member as secretary. The board may elect other officers of the corporation as necessary. Members shall not receive compensation but shall be reimbursed for necessary expenses incurred in the performance of duties from funds appropriated to the Iowa development commission.

4. Each director of the corporation shall take an oath of office and the record of each oath shall be filed in the office of the secretary of state.

5. The corporation shall receive information and cooperate with other agencies of the state and the political subdivisions of the state.

6. The corporation shall be a part of the Iowa development commission for administrative purposes only.

Sec. 22. NEW SECTION. PERPETUAL SUCCESSION. The corporation has perpetual succession. The succession shall continue until the existence of the corporation is terminated by law. The termination of the corporation shall not affect an outstanding contractual obligation of the corporation to assist a person. In the event of the termination of the corporation, the contractual obligation to assist the person succeeds to the state and the rights and properties of the corporation shall pass to the state. However, debts or other financial obligations of the corporation do not succeed to the state upon termination of the corporation.

Sec. 23. NEW SECTION. BOARD OF DIRECTORS. The powers of the corporation are vested in and shall be exercised by the board of directors. Four members of the board constitute a quorum and an affirmative vote of the majority of the members present at a meeting is necessary before an action may be taken by the board. An action taken by the board shall be authorized by resolution at a regular or special meeting and takes effect immediately unless the resolution specifies otherwise. Notice of a meeting shall be given orally or in writing not less than forty-eight hours prior to the meeting.

Sec. 24. NEW SECTION. PRESIDENT. The board of directors shall appoint a president of the corporation who shall serve at the pleasure of the board and shall receive the compensation determined by the board. The president shall not be a member of the board. The president shall be the chief administrative and operational officer of the corporation and shall direct and supervise the administrative affairs and the general management of the corporation. The president may employ other employees as designated by the board. The president shall provide copies of all minutes, documents, and other records of the corporation and shall provide a certificate which attests to truthfulness of the copies, if requested. Persons dealing with the corporation may rely upon the certificates. The president shall keep a record of all proceedings, documents, and papers filed with the corporation.

Sec. 25. NEW SECTION. CORPORATE PURPOSE — POWERS. The purpose of the corporation is to stimulate and encourage the development of new products within Iowa by the infusion of financial aid for invention and innovation in situations in which financial aid would not otherwise be reasonably available from commercial sources. For this purpose the corporation has the following powers:

1. To have perpetual succession as a corporate body and to adopt bylaws, policies, and procedures for the regulation of its affairs and conduct of its business.

2. To enter into venture agreements with persons doing business in Iowa upon conditions

and terms which are consistent with the purposes of this division for the advancement of financial aid to the persons. The financial aid advanced shall be for the development of specific products, procedures, and techniques which are to be developed and produced in this state. The corporation shall condition the agreements upon contractual assurances that the benefits of increasing or maintaining employment and tax revenues shall remain in Iowa.

3. To receive and accept aid or contributions from a source of money, property, labor, or other things of value to be used to carry out the purposes of this division including gifts or grants from a department or agency of the United States or any state.

4. With approval of the director of the department of general services to acquire, lease, purchase, manage, hold, and dispose of real and personal property and to lease, convey, or enter into contracts with respect to such property provided that all acquisitions of real property shall be as required by law.

5. To issue notes and bonds as provided under this division.

6. To hold patents, copyrights, trademarks, or other evidences of protection or exclusivity issued under the laws of this state or the United States to any products.

7. To employ assistants, agents, and other employees who shall be state employees and to engage consultants, attorneys, and appraisers as necessary or desirable to carry out the purposes of the corporation.

8. To make and enter into contracts and agreements necessary or incidental to its performance of the duties and the powers granted to the corporation.

9. To sue and be sued, plead, and adopt a seal.

10. With the approval of the treasurer of state, to invest funds which are not needed for immediate use or disbursement, including funds held in reserve, in obligations issued or guaranteed by the state or the United States.

11. To procure insurance against a loss in connection with its property and other assets.

12. To the extent permitted under a corporation contract with other persons, to consent to a termination, modification, forgiveness, or other change in the terms of a contractual right, payment, royalty, contract, or agreement.

13. To take necessary action to render bonds issued under this division more marketable.

Sec. 26. NEW SECTION. APPLICATIONS FOR FINANCIAL AID.

1. Applications for financial aid shall be forwarded, together with an application fee prescribed by the corporation, to the president of the corporation. The president, after preparing the necessary records for the corporation, shall forward each application to the staff of the corporation, for an investigation and report concerning the advisability of approving the financial aid for the company and concerning any other factors found relevant by the corporation. The investigation and report shall include but are not limited to the following:

a. The history of the applicant, its wage standards, job opportunities, and stability of employment.

b. The extent of the applicant's dependence on agriculture.

c. The applicant's past, present, and future financial condition and structure.

d. The applicant's pro-forma income statements.

e. The present and future market prospects for the product.

f. The feasibility of the proposed project or invention to be given financial aid and the integrity of management.

g. The state of the project's development.

2. After receipt and consideration of the report and any other action the corporation finds necessary, the corporation shall approve or deny the application. The president shall promptly notify an applicant by certified mail of the disposition of its application. The corporation shall give priority to those applicants whose business is agriculture related or whose

business is located in an area which the corporation determines has been severely adversely affected by depressed agricultural prices and whose proposed product or invention is to be used to convert all or a portion of the business to nonagriculture-related industrial or commercial activity or to create a new nonagriculture-related industrial or commercial business.

Sec. 27. NEW SECTION. IOWA PRODUCT DEVELOPMENT CORPORATION FUND. There is created an "Iowa product development corporation fund". All funds of the corporation including the proceeds from the issuance of notes or sale of bonds under this division, any funds appropriated from the general fund to the corporation, and other income derived from the exercise of authority granted to the corporation under this division shall be paid to the treasurer of state as an agent of the corporation and the treasurer shall deposit the amounts in the Iowa product development corporation fund. The money in the Iowa product development corporation fund shall be paid out by warrants signed by the treasurer of state on requisition of the president of the corporation. The money in the Iowa product development corporation fund shall be used for repayment of notes and bonds issued under this division, the extension of financial aid granted by the corporation under this division, and the amount remaining may be used for the payment of the administrative and overhead costs of the corporation to the extent required.

Sec. 28. NEW SECTION. PRODUCT DEVELOPMENT CORPORATION NOTES. The corporation may issue Iowa product development corporation fund notes, the principal and interest of which shall be payable solely from the Iowa product development corporation fund established by this division. The fund notes of each issue shall be dated, shall mature at times not exceeding ten years from their dates of issue, and may be made redeemable before maturity, at the option of the corporation, at prices and under terms and conditions as determined by the corporation. The corporation shall determine the form and manner of execution of the fund notes, including any interest coupons to be attached, and shall fix the denominations and the places of payment of principal and interest, which may be any financial institution within or without the state or any agent, including the lender. If an officer whose signature or a facsimile of whose signature appears on fund notes or coupons ceases to be that officer before the delivery of the notes or coupons, the signature or facsimile is valid and sufficient for all purposes the same as if the officer had remained in office until delivery. The fund notes may be issued in coupon or in registered form, or both, as the corporation determines, and provision may be made for the registration of coupon fund notes as to principal alone and also as to both principal and interest, and for the conversion into coupon fund notes of any fund notes registered as to both principal and interest, and for the interchange of registered and coupon fund notes. Fund notes shall bear interest at rates as determined by the corporation and may be sold in a manner, either at public or private sale, and for a price as the corporation determines to be best to effectuate the purposes of the housing assistance fund. The proceeds of fund notes shall be used solely for the purposes for which issued and shall be disbursed in a manner and under restrictions as provided in this division and in the resolution of the corporation providing for their issuance. The corporation may provide for the replacement of fund notes which become mutilated or are destroyed or lost.

Sec. 29. NEW SECTION. BONDS AND NOTES.

1. The corporation may issue its negotiable bonds and notes in principal amounts as, in the opinion of the corporation, are necessary to provide sufficient funds for achievement of its corporate purposes, the payment of interest on its bonds and notes, the establishment of reserves to secure its bonds and notes, and all other expenditures of the corporation incident to and necessary or convenient to carry out its purposes and powers. However, the corporation shall not have a total principal amount of bonds and notes outstanding at any time in excess of one

million dollars, or the value of the aggregate assets of the corporation, as certified by an independent certified public accountant. The bonds and notes shall be deemed to be investment securities and negotiable instruments within the meaning of and for all purposes of the uniform commercial code.

2. Bonds and notes issued by the corporation are payable solely and only out of the moneys, assets, or revenues of the corporation, and as provided in the agreement with bondholders or noteholders pledging any particular moneys, assets or revenues. Bonds or notes are not an obligation of this state or any political subdivision of this state other than the corporation within the meaning of any constitutional or statutory debt limitations, but are special obligations of the corporation payable solely and only from the sources provided in this chapter, and the corporation shall not pledge the credit or taxing power of this state or any political subdivision of this state other than the corporation, or make its debts payable out of any moneys except those of the corporation.

3. Bonds and notes must be authorized by a resolution of the corporation. However, a resolution authorizing the issuance of bonds or notes may delegate to an officer of the corporation the power to negotiate and fix the details of an issue of bonds or notes by an appropriate certificate of the authorized officer.

4. Bonds shall:

a. State the date and series of the issue, be consecutively numbered, and state on their face that they are payable both as to principal and interest solely out of the assets of the corporation and do not constitute an indebtedness of this state or any political subdivision of this state other than the corporation within the meaning of any constitutional or statutory debt limit.

b. Be either registered, registered as to principal only, or in coupon form, issued in denominations as the corporation prescribes, fully negotiable instruments under the laws of this state, signed on behalf of the corporation with the manual or facsimile signature of the chairperson or president, attested by the manual or facsimile signature of the secretary, have impressed or imprinted thereon the seal of the corporation or a facsimile of it, and the coupons attached shall be signed with the facsimile signature of the chairperson or president, be payable as to interest at rates and at times as the corporation determines, be payable as to principal at times over a period not to exceed fifty years from the date of issuance, at places, and with reserved rights of prior redemption, as the corporation prescribes, be sold at prices, at public or private sale, and in a manner as the corporation prescribes, and the corporation may pay the expenses, premiums, and commissions which it deems necessary or advantageous in connection with the issuance and sale, and be issued under and subject to the terms, conditions, and covenants providing for the payment of the principal, redemption premiums, if any, interest, and other terms, conditions, covenants, and protective provisions safeguarding payment, not inconsistent with this division, as are found to be necessary by the corporation for the most advantageous sale, which may include, but are not limited to, covenants with the holders of the bonds as to:

(1) Pledging or creating a lien, to the extent provided by the resolution, on moneys or property of the corporation or moneys held in trust or otherwise by others to secure the payment of the bonds.

(2) Providing for the custody, collection, securing, investment, and payment of any moneys of or due to the corporation.

(3) Limitations on the purpose to which the proceeds of sale of an issue of bonds then or thereafter to be issued may be applied.

(4) Limitations on the issuance of additional bonds and on the refunding of outstanding or other bonds.

(5) The procedure by which the terms of a contract with the holders of bonds may be amended or abrogated, the amount of bonds the holders of which must consent to an amendment or abrogation, and the manner in which consent may be given.

(6) Vesting in a trustee properties, rights, powers, and duties in trust as the corporation determines, which may include the rights, powers, and duties of the trustee appointed for the holders of any issue of bonds pursuant to this division, in which event the provisions of that section authorizing appointment of a trustee by the holders of bonds do not apply, or limiting or abrogating the right of the holders of bonds to appoint a trustee under that section, or limiting the rights, duties, and powers of the trustee.

(7) Defining the acts or omissions which constitute a default in the obligations and duties of the corporation and providing for the rights and remedies of the holders of bonds in the event of a default. However, rights and remedies shall be consistent with the laws of this state and this division.

(8) Any other matters which affect the security and protection of the bonds and the rights of the holders.

5. The corporation may issue its bonds for the purpose of refunding any bonds or notes of the corporation then outstanding, including the payment of any redemption premiums on the bonds or notes and any interest accrued or to accrue to the date of redemption of the outstanding bonds or notes. Until the proceeds of bonds issued for the purpose of refunding outstanding bonds or notes are applied to the purchase or retirement of outstanding bonds or notes or the redemption of outstanding bonds or notes, the proceeds may be placed in escrow and be invested and reinvested in accordance with this division. The interest, income, and profits earned or realized on an investment may also be applied to the payment of the outstanding bonds or notes to be refunded by purchase, retirement, or redemption. After the terms of the escrow have been fully satisfied and carried out, any balance of proceeds and interest earned or realized on the investments may be returned to the corporation for use by it in any lawful manner. Refunding bonds shall be issued and secured and subject to this division in the same manner and to the same extent as other bonds issued pursuant to this division.

6. The corporation may issue negotiable bond anticipation notes and may renew them from time to time but the maximum maturity of the notes, including renewals, shall not exceed ten years from the date of issue of the original notes. Notes are payable from any available moneys of the corporation not otherwise pledged, or from the proceeds of the sale of bonds of the corporation in anticipation of which the notes were issued. Notes may be issued for any corporate purpose of the corporation. Notes shall be issued in the same manner as bonds, and notes and the resolution authorizing them may contain any provisions, conditions, or limitations, not inconsistent with this subsection, which the bonds or a bond resolution of the corporation may contain. Notes may be sold at public or private sale. In case of default on its notes or violation of any obligations of the corporation to the noteholders, the noteholders have all the remedies provided in this division for bondholders. Notes are as fully negotiable as bonds of the corporation.

7. A copy of each pledge agreement by or to the corporation, including without limitation each bond resolution, indenture of trust, or similar agreement, or any revisions or supplements to it shall be filed with the secretary of state and no further filing or other action under sections 554.9101 to 554.9507, article 9 of the uniform commercial code, or any other law of the state is required to perfect the security interest in the collateral or any additions to it or substitutions for it, and the lien and trust created are binding from and after the time made against all parties having claims of any kind in tort, contract, or otherwise against the pledgor.

8. Neither the officers of the corporation nor any person executing its bonds, notes, or other obligations is liable personally on the bonds, notes, or other obligations or subject to any personal liability or accountability by reason of the issuance of the corporation's bonds or notes.

Sec. 30. NEW SECTION. REPORTING AND FUND SOLVENCY. The chairperson of the corporation on or before July 30 of each fiscal year shall make and deliver a report to the governor and the legislative fiscal committee. The report shall include all transactions conducted by the corporation in the preceding fiscal year. The report shall also include a balance sheet outlining the financial solvency of the Iowa product development corporation fund, a certified copy of any audits of the corporation conducted in the preceding fiscal year, and other information requested by the governor or the legislative fiscal committee.

Sec. 31. NEW SECTION. AUDITS. The auditor of state shall audit the books and accounts of the corporation at least semi-annually. One audit shall be conducted for the preceding fiscal year on or after July 1 of each fiscal year. The results of the yearly audit shall be certified and turned over to the governor no later than July 30 of each fiscal year.

Sec. 32. NEW SECTION. REMEDIES OF BONDHOLDERS AND NOTEHOLDERS.

1. If the corporation defaults in the payment of principal or interest on an issue of bonds or notes after they become due, whether at maturity or upon call for redemption, and the default continues for a period of thirty days, or if the corporation fails or refuses to comply with this division, or defaults in an agreement made with the holders of an issue of bonds or notes, the holders of twenty-five percent in aggregate principal amount of bonds or notes of the issue then outstanding, by instrument filed in the office of the clerk of the county in which the principal office of the corporation is located, and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of the bonds or notes for the purposes of this section.

2. The corporation or a trustee appointed under the indenture under which the bonds are issued may, and upon written request of the holders of twenty-five percent in aggregate principal amount of the issue of bonds or notes then outstanding shall:

a. Enforce all rights of the bondholders or noteholders, including the right to require the corporation to carry out its agreements with the holders and to perform its duties under this division.

b. Bring suit upon the bonds or notes.

c. By action require the corporation to account as if it were the trustee of an express trust for the holders.

d. By action enjoin any acts or things which are unlawful or in violation of the rights of the holders.

e. Declare all the bonds or notes due and payable and if all defaults are made good then with the consent of the holders of twenty-five percent of the aggregate principal amount of the issue of bonds or notes then outstanding, annul the declaration and its consequences.

The bondholders or noteholders, to the extent provided in the resolution by which the bonds or notes were issued or in their agreement with the corporation, may enforce any of the remedies in paragraphs a to e or the remedies provided in those agreements for and on their own behalf.

3. The trustee has all powers necessary or appropriate for the exercise of functions specifically set forth or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

4. Before declaring the principal of bonds or notes due and payable, the trustee shall first give thirty days' notice in writing to the governor, the corporation, and the attorney general of the state.

5. The district court has jurisdiction of an action by the trustee on behalf of bondholders or noteholders. The venue of the action is in the county in which the principal office of the corporation is located.

Sec. 33. There is appropriated from the general fund of the state to the Iowa product development corporation for the fiscal year beginning July 1, 1983 and ending June 30, 1984, the sum of seven hundred fifty thousand (750,000) dollars to fund this division.

DIVISION VI

Sec. 34. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1983, and ending June 30, 1984, to the Iowa housing finance authority the amount of three million (3,000,000) dollars to be used to fund the program to reduce interest costs to be paid on loans established in section 220.81 of Senate File 223 as enacted by the 1983 Session of the Iowa general assembly.

DIVISION VII

Sec. 35. NEW SECTION. 28.35 ESTABLISHMENT OF IOWA HIGH TECHNOLOGY COUNCIL. The Iowa high technology council, hereafter referred to as the "council" is created. The council shall be administratively integrated into the Iowa development commission for staff support and assistance.

The council shall be composed of thirteen members appointed by the governor, subject to confirmation by the senate. This membership shall include:

1. Two members from the working force of the state, at least one of whom shall be a member of a labor union.
2. Two members from the state's community college system.
3. Two members from the board of regents' institutions.
4. Two members from the agricultural community of the state, at least one of whom shall represent a family farm operation.
5. Two members from management of industrial firms located in the state, at least one of whom is from a firm engaged in high technology.

Each term shall begin and end as provided in section 69.19. No more than a simple majority of the members of the board shall belong to the same political party as provided in section 69.16. Vacancies on the council shall be filled for the unexpired terms in the same manner as original appointments. The council members shall not receive per diem but shall be reimbursed for necessary expenses incurred in the performance of duties from funds appropriated to the Iowa development commission. For the initial appointments to the council, the governor shall appoint six members whose terms shall commence upon appointment and shall expire April 30, 1985, and seven members whose terms shall commence upon appointment and shall expire April 30, 1987. Thereafter, all appointments shall be for a term of four years unless the appointment is to fill a vacancy.

The council shall meet at least once each quarter and shall hold special meetings on call of the chairperson. Seven members shall constitute a quorum. The council shall adopt rules pursuant to chapter 17A to govern its procedures. The governor shall designate one member as chairperson.

Sec. 36. NEW SECTION. 28.36 POWERS AND DUTIES. The purpose of the council shall be to encourage the development of high technology industries and research in Iowa which will establish net new employment opportunities for Iowa workers or assist in improving the efficiency, productivity, and viability of family farm operations and which will improve the quality of life in an environmentally-sound manner. For high technologies consistent with this purpose, the council shall:

1. Promote, encourage, and support education and research development programs in the fields of high technology.

*Item veto, see message at end of this Act

2. Seek to improve the quality and quantity of the research capabilities of the institutions of higher education, provide incentives to attract and retain superior faculty members at the institutions of higher education, and enhance the economic health of the state through encouraging investment by both governmental and private sources in educational programs which promote high technology and research and development.

3. Establish priorities to encourage development in agriculture and industrial technology most closely related to the state's current economy and review the priorities to facilitate possible future changes in the economy.

4. Consider and award grants on a project basis to an educational institution or commercial entity in which an educational institution has an ownership interest, for any of the following:

a. Further research on an idea, process, or product to determine potential for commercially feasible application.

b. Product development and testing.

c. Market analysis.

d. Public investment in commercial development in conjunction with private investment.

The council shall report annually to the governor and the general assembly on the grants awarded, including an analysis of how the grants serve to meet the general purpose of this section. The council shall provide post-grant audits of all grants awarded.

5. Promote the planning, coordination, and evaluation of Iowa's efforts to develop high technology capabilities and employment.

6. Provide leadership in the establishment of research and development centers for high technology.

7. Encourage the private development of properties for the development of high technology companies.

8. Coordinate and stimulate promotional efforts to attract and expand high technology enterprises with the Iowa development commission.

9. Ensure the proper development of an effective mechanism to transfer information on technology and research to Iowa's existing industry.

10. Promote legislation that will stimulate the development and growth of high technology in Iowa.

11. Aid in identifying the research needs of industry, universities, and government.

12. Encourage the funding of technology and research from business and government sources.

13. Work to increase the public awareness of technology and the attractiveness of Iowa as a location for industry.

14. Work to form a broad-based, long-term commitment to build up Iowa's research base through promotion, human resource development, and capital investment.

15. Receive and disburse funds available from public or private sources to be used to further the overall development of high technology in Iowa.

Sec. 37. NEW SECTION. 28.37 GRANTS, GIFTS, AND BEQUESTS. The council may receive and expend grants, gifts, and bequests, including but not limited to appropriations, federal funding, and other funding available for the purposes pursuant to section 28.36.

Sec. 38. NEW SECTION. 28.38 CONTRIBUTIONS FROM PRIVATE INDUSTRY.

1. The council may accept contributions of advanced technology equipment, grants, gifts, and bequests from advanced technology companies. A company may designate the institution of higher education the contribution is awarded to or may provide a nondesignated contribution.

2. Equipment, grants, gifts, or bequests which are not designated pursuant to subsection 1 shall be utilized for agricultural research or advanced technology industry-generated research conducted in equipped laboratories at the institutions of higher education and for maintaining state of the art laboratory equipment at the institutions.

Sec. 39. NEW SECTION. 28.39 OPERATIONS OF COUNCIL. A public investment in commercial development by the council may be made only in Iowa and in conjunction with private investment and shall be reflected in a public ownership interest in the commercial entity which is established. The public ownership interest shall be negotiated with the other investing parties, including but not limited to, educational institutions, inventors, and private investors. A provision relating to the terms of ownership and the circumstances of disposal of the public ownership interest shall be made at the time of investment.

Upon the disposition of a public investment, one half of the proceeds beyond the original investment shall be available for research support at the educational institutions making application for support under this chapter. The remainder of the proceeds attributable to an educational institution ownership interest shall be available for support and investment pursuant to this chapter.

All support and investment authorized by this chapter shall be made consistent with the rules and policies concerning property rights, patents, copyrights, and intellectual property of the educational institutions involved in each project.

Sec. 40. NEW SECTION. 28.40 COUNCIL AND COMMISSION FUNDING. There is appropriated from the general fund of the state to the Iowa high technology council for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the sum of two million (2,000,000) dollars to fund the projects. In addition, there is appropriated from the general fund of the state an amount for operations of the council but not to exceed one hundred thousand (100,000) dollars for the fiscal year beginning July 1, 1983 and ending June 30, 1984. From the funds appropriated for operations, fifty thousand (50,000) dollars shall be used for developing or to contract for developing a mechanism for transferring jobs, related to research findings, and innovations from the research institutions to industry.

The appropriations from the state general fund in this section shall be in addition to and separate from the appropriations from the state general fund which may be made to an institution of higher education in the state.

Notwithstanding section 8.33, unencumbered or unobligated funds appropriated by this section for the fiscal year beginning July 1, 1983 and ending June 30, 1984 shall not revert to the general fund of the state.

*Sec. 41. If the governor finds that the estimated budget resources during the fiscal year beginning July 1, 1983 and ending June 30, 1984 are insufficient to pay all appropriations in full and the governor's findings are concurred in by the executive council, the governor shall not make any reductions in allotment as allowed under section 8.31 until the unexpended funds appropriated by this division are included in the estimated budget resources. Upon inclusion of the unexpended funds appropriated in this division in the estimated budget resources, any funds appropriated by this division and not encumbered shall remain in the general fund of the state.

If upon inclusion of the funds appropriated by this division in the estimated budget resources for the fiscal year beginning July 1, 1983 and ending June 30, 1984 as authorized by this section, the governor finds that the estimated budget resources during the fiscal year are insufficient to pay all appropriations in full and the executive council concurs in the governor's findings, the governor may make the reductions of allotments allowed under section 8.31.*

DIVISION VIII

Sec. 42. NEW SECTION. SHORT TITLE. Division VIII of this Act may be cited as the "Iowa community development loan program".

*Item veto; see message at end of this Act

Sec. 43. NEW SECTION. INTENT. The purpose of this division is to assist Iowa communities in the construction and improvement of public works and facilities which support and enhance local economic development by the creation of the Iowa community development loan program.

Sec. 44. NEW SECTION. ESTABLISHMENT OF PROGRAM.

1. The Iowa community development loan program is established to aid communities in improving and developing adequate public works and facilities needed to support local economic development projects by providing a revolving loan fund.

2. The program is administered by the office for planning and programming.

3. The program provides loans to cities for projects which address the following objectives:

a. The construction and improvement of public works and facilities needed for economic development.

b. The creation or retention of jobs especially in cities or cities located in counties with an unemployment rate higher than the statewide average.

c. The promotion of the expansion of existing business and industry.

d. The leveraging of local resources.

e. The creation of job opportunities for women and minorities.

4. The program shall provide that the moneys appropriated to the revolving loan fund shall be available as follows:

a. Twenty-five percent of the moneys shall be designated for cities with a population of less than five thousand.

b. Fifty percent of the moneys shall be designated for cities with a population of five thousand or more.

c. Twenty-five percent of the moneys shall be designated for any city.

d. Loans repaid which were from moneys designated for cities as provided in paragraph a or b shall be redesignated for those cities.

5. Job service of Iowa is required to supply information regarding unemployment rates to any city or county requesting it.

Sec. 45. NEW SECTION. QUALIFICATIONS FOR LOAN PROGRAM.

1. Any Iowa city is eligible to apply for and receive loans through the program. However, preference shall be given to cities or cities located in counties with unemployment rates higher than the statewide average.

2. Loans provided through the program shall be used to pay the cost of public works and facilities. "Public works and facilities" means "essential corporate purpose" and "general corporate purpose" as defined in section 384.24, subsections 3 and 4 and also means the acquisition of real property which is to be developed into an industrial park. "Cost" means all the costs of the project, including the cost of acquisition, construction, reconstruction and improvement, and all the items listed in section 384.24, subsection 5.

3. Funds provided through the loan program shall be matched with local cash resources equal to not less than fifty percent of the amount loaned. All matching local cash resources shall be specifically committed to the accomplishment of the project for which the loan is made.

Sec. 46. NEW SECTION. APPROVAL OF LOANS.

1. Loans provided through the program are interest free.

2. The maximum amount of a loan made through the program is two hundred fifty thousand dollars.

3. Initial loans provided through the program shall be awarded, subject to the amounts

designated as provided in section 44, subsection 4 of this division, on a competitive basis to those community projects which meet the minimum qualifications of this division and which best meet the objectives of section 44, subsection 3 of this division. Consideration shall be given to the payback methods proposed by each city, with preference shown to projects which offer shorter loan maturities and greater security of repayment to the state.

4. Prior to the receipt of the loan funds, each loan recipient shall pay to the state a loan origination fee in an amount equal to six-tenths of one percent of the loan amount. The fees shall be paid from private or local funds and shall be placed into the general fund of the state but shall only be used to defray the state's expense in operating the loan program.

5. Loan proceeds shall not be disbursed to a city until a loan agreement has been executed between the state office for planning and programming and that city.

Sec. 47. NEW SECTION. LOAN REPAYMENTS.

1. A city shall repay funds borrowed in accordance with a loan agreement to be executed prior to the disbursement of a loan by the state.

2. In accordance with this division, additional loans shall be periodically awarded by the office for planning and programming. The additional loans shall be provided from funds not previously awarded and from repayments received from prior recipients of loans.

3. Loan repayments shall be returned to the program and shall not revert to the state's general fund.

Sec. 48. NEW SECTION. RULES. The office for planning and programming shall adopt rules pursuant to chapter 17A to implement this division.

Sec. 49. NEW SECTION. ANNUAL REPORT. The office for planning and programming shall submit to the governor, once each year, a report setting forth details of the operation of the program and shall make that report available to members of the general assembly upon their request.

Sec. 50. There is appropriated from the general fund of the state on July 1, 1983 to the office for planning and programming five million (5,000,000) dollars to establish the revolving loan fund provided in this division. This appropriation is in addition to any other moneys appropriated to the office for planning and programming. Notwithstanding section 8.33, no part of this fund shall revert at or after the close of a fiscal period, but shall remain in the fund and appropriated for the purposes of this division.

Sec. 51. NEW SECTION. LOANS NOT DEPENDENT ON BONDS. Notwithstanding any law to the contrary cities shall not be required to issue bonds to secure loans received by the city through the Iowa community development loan program.

Sec. 52. Section 384.4, subsection 2, Code 1983, is amended to read as follows:

2. Interest as it becomes due and the amount necessary to pay, or to create a sinking fund to pay, the principal at maturity of all general obligation bonds issued by the city or to pay, or to create a sinking fund to pay, amounts as due on loans received through the Iowa community development loan program.

DIVISION IX

Sec. 53. Chapter 467A, Code 1983, is amended by adding the following new section:

NEW SECTION. CONSERVATION PRACTICES REVOLVING LOAN FUND.

1. The state soil conservation committee may establish a conservation practice revolving loan fund composed of any money appropriated by the general assembly for that purpose, and of any other moneys available to and obtained or accepted by the committee from the federal government or private sources for placement in that fund. Except as otherwise provided by subsection 3, the assets of the conservation practices revolving loan fund shall be used only to make loans directly to owners of land in this state with a net worth not to exceed three

hundred thousand dollars for the purpose of establishing on that land any new permanent soil and water conservation practice which the commissioners of the soil conservation district in which the land is located have found is necessary or advisable to meet the soil loss limits established for that land. Revolving loan funds and public cost-sharing funds shall not be used in combination for funding a particular soil and water conservation practice. The net worth of the applicant shall be provided by a financial institution of the state of Iowa. Each loan made under this section shall be for a period not to exceed ten years, shall bear no interest, and shall be repayable to the conservation practice revolving loan fund in equal yearly installments due March 1 of each year the loan is in effect. The interest rate upon loans for which payment is delinquent shall accelerate immediately to the current legal usury limit. Applicants shall be eligible for no more than ten thousand dollars in loans outstanding at any time under this program. "Permanent soil and water conservation practices" has the same meaning as defined in section 467A.42 and those established under this program are subject to the requirements of section 467A.7, subsection 16. Loans made under this program shall come due for payment upon sale of the land on which those practices are established.

2. The general assembly finds and declares the following:

a. The erosion of topsoil on agricultural land by wind and water is a serious problem within the state and one which threatens to destroy the natural resource most responsible for Iowa's prosperity.

b. It is necessary to the preservation of the economy and well-being of the state to encourage soil conservation practices by providing loans for permanent soil and water conservation practices on agricultural land within the state.

c. The use of state funds for the conservation practices revolving loan fund established under subsection 1 is in the public interest, and the purposes of this division are public purposes and uses for which public moneys may be borrowed, expended, advanced, loaned, or granted.

3. The state soil conservation committee may:

a. Contract, sue and be sued, and promulgate administrative rules necessary to carry out the provisions of this section, but the committee shall not in any manner directly or indirectly pledge the credit of the state of Iowa.

b. Authorize payment from the conservation practices revolving loan fund, from fees and from any income received by investments of money in the fund for costs, commissions, attorney fees and other reasonable expenses related to and necessary for making and protecting direct loans under this section, and for the recovery of moneys loaned or the management of property acquired in connection with such loans.

4. This section does not negate the provisions of section 467A.48 that an owner or occupant of land in this state shall not be required to establish any new soil and water conservation practice unless public cost-sharing funds have been approved and are available for the land affected. However, the owner of land with respect to which an administrative order to establish soil and water conservation practices has been issued under section 467A.47 but not complied with for lack of public cost-sharing funds, may waive the right to await availability of such funds and instead apply for a loan under this section to establish any permanent soil and water conservation practices necessary to comply with the order. If a landowner does so, that loan application shall be given reasonable preference by the state soil conservation committee if there are applications for more loans under this section than can be made from the money available in the conservation practices loan reserve fund. If it is found necessary to deny an application for a soil and water conservation practices loan to a landowner who has waived the right to availability of public cost-sharing funds before complying with an administrative

order issued under section 467A.47, the landowner's waiver is void.

Sec. 54. There is appropriated from the general fund of the state to the state soil conservation commission* for each fiscal year of the fiscal biennium beginning July 1, 1983 and ending June 30, 1985, one million (1,000,000) dollars to be used for the establishment of the revolving loan fund as provided in this division.

DIVISION X

**Sec. 55. NEW SECTION. 307.41 SHORT TITLE. Sections 307.41 through 307.62 are created as a separate division of chapter 307, known as the "Iowa Economic Development Highway Bond Act".

Sec. 56. NEW SECTION. 307.42 DECLARATION OF NECESSITY AND PURPOSE. The purpose of this division is to benefit the citizens of Iowa by assuring that adequate funds are available to meet road transportation needs of the state, to construct, reconstruct, and improve the highways and bridges of this state, including acquiring rights-of-way for them, and to assure that there are adequate highways for the health, safety, economic development, prosperity, and well-being of the citizens of Iowa. It is the further purpose of this division to authorize the department to issue bonds to finance the improvement of existing highways and bridges and to reconstruct, construct, and improve these highways as necessary for the health, safety, economic development, prosperity, and well-being of the citizens of Iowa. All of the purposes stated in this section are public purposes for which public moneys may be borrowed, expended, advanced, loaned, and appropriated.

Sec. 57. NEW SECTION. 307.43 LEGISLATIVE FINDINGS. The general assembly finds and declares:

1. The construction, reconstruction, and improvement of an adequate highway system within this state is vital for the well-being, health, safety, economic development, and prosperity of the state, its citizens, and its economy.

2. It is essential to the continued well-being, health, safety, economic development, and prosperity of the state, its citizens, and its economy that the state proceed promptly to improve existing roadways, acquire real property necessary to constitute right-of-way for future highway construction, construct, reconstruct, and improve highways and bridges, and have adequate financial resources to meet these needs.

3. Current revenues available are insufficient to construct, reconstruct, and improve the highways and bridges necessary for the continued well-being, health, safety, economic development, and prosperity of the state, its citizens, and its economy.

4. The issuance by the department of road use tax revenue bonds, the appropriation of the net proceeds of the bonds to the primary road fund, and the appropriation of funds of the road use tax fund to the payment of principal of and interest on the road use tax revenue bonds are in all respects for the benefit of the people of the state of Iowa, for the improvement of their health and welfare, and for the promotion of economic development and the economy, all of which are public purposes.

Sec. 58. NEW SECTION. 307.44 DEFINITIONS. When used in this division, unless the context otherwise requires:

1. "Construction projects" or "road construction projects" means the surfacing and resurfacing of primary roads and the grading, draining, paving, bridging, and the incidental work in connection therewith, the reconstruction and improvement of primary roads and bridges, and the acquisition of real property for future highway needs.

2. "Bonds" means negotiable road use tax revenue bonds of the department issued pursuant to this division, and all bonds, notes, and other obligations issued in anticipation of these bonds or as refunding bonds pursuant to this division.

*According to enrolled Act

**Item veto; see message at end of this Act

3. "Primary roads" means as defined in section 306.3, subsection 2.
4. "Primary road fund" means the fund created by section 313.3.
5. "Highway bond fund" means the fund created in section 307.51.
6. "Road use tax fund" means the fund created by section 312.1.
7. "Treasurer" means the treasurer of the state of Iowa.

Sec. 59. NEW SECTION. 307.45 BONDS AUTHORIZED. The department may issue and sell bonds in an amount not to exceed ten million dollars, and may become obligated to pay the bonds, as provided in this division. Bonds are limited obligations of the department payable solely from the highway bond fund. The total amount of bonds outstanding at any time shall not exceed ten million dollars. If the supreme court of this state determines that this division and any bonds issued and sold pursuant to this division are not in violation of the constitution of this state, the limit on the total amount of bonds that may be outstanding at any one time shall be increased by one hundred million dollars. Beginning with the fiscal year after such determination by the supreme court and for each fiscal year thereafter if the actual amount of road use tax revenues credited to the primary road fund in a fiscal year is less than the amount of such revenues which the department had estimated would be credited to the primary road fund in that fiscal year, the department may issue and sell bonds for that fiscal year in an amount equal to the difference, but not in excess of ten million dollars. If the department has a project which will cost more than ten million dollars and the issuance and sale of bonds are needed the department may issue and sell an amount of bonds sufficient to pay the cost for this project if the general assembly passes a concurrent resolution authorizing the department to issue and sell bonds in a specific amount and for that specific project. The proceeds of the sale of bonds shall be paid into the primary road fund to be expended for road construction projects and for expenses incurred in issuing the bonds, as approved, directed, or incurred by the department. The proceeds of the bonds shall not be used by the department to pay other administrative expenses.

Sec. 60. NEW SECTION. 307.46 TERMS OF BONDS. Bonds shall bear interest at the rate or rates and be in the denominations determined by the commission. The commission shall determine the maturity or maturities of the bonds and the dates of interest payment on the bonds. Each bond is due and payable on the date stipulated on the face of the bond, which date shall not be more than ten years after the date of issuance. The principal and interest are payable at the office of the treasurer or at any other place or places designated by the commission. Each bond shall be executed on behalf of the department with the manual signature of the chairperson or vice chairperson of the commission and attested with a manual or facsimile signature of the director and shall have impressed or printed on it the seal of the department. Coupons attached to the bonds, if any, shall be executed by the facsimile signature of the director. Each facsimile signature has the same force and effect as if the officer had manually signed or attested to each of the bonds and coupons.

The bonds are limited obligations of the department payable solely from those road use tax funds credited to the highway bond fund and are not general obligations of the state and are not debts or obligations of the state within the meaning of any statutory or constitutional debt limitation.

Sec. 61. NEW SECTION. 307.47 SALE OF BONDS. The commission shall sell the bonds to obtain funds to carry out the purpose of this division and authorize the payments as provided in this division. The proceeds from the sale shall be deposited with the treasurer. The bonds may be sold by the commission at public sale. If the commission so determines, the bonds may be sold by the commission at private sale without published notice and without the regular requirements of a public sale and the sale of the bonds shall be in the manner and upon the terms prescribed by the resolution of the commission authorizing the private sale. If the bonds are sold at public sale, they shall be sold upon terms of not less than par plus accrued interest.

The director with the advice and assistance of counsel shall cause to be prepared the form of advertisements, resolutions, agreements, and other necessary forms for use in the offering for sale and issuance of the bonds and to prepare and cause to be printed the proper form of bond and to deliver the bonds to the proper officials for signature.

If the bonds are offered for public sale the commission shall, by advertisement published for two or more successive weeks in at least one newspaper of general circulation in the state, give notice of the time and place of sale of the bonds, the amounts to be offered for sale, and other information which is deemed pertinent. The last day of publication shall not be less than seven days prior to the date of sale of the bonds. Sealed bids may be received at any time prior to the calling for open bids. At the time and place designated for the sale of bonds, the commission shall first call for open bids. After all of the open bids have been received the substance of the best open bid shall be noted in the minutes. The commission shall then open the sealed bids that have been received and shall note in the minutes the substance of the best sealed bid.

In the discretion of the commission, any or all bids may be rejected, and the sale may be advertised anew in the same manner, or the bonds or any portion of the bonds may be sold at private sale to one or more of the bidders, or other persons.

Sec. 62. NEW SECTION. 307.48 BOND PROCEEDINGS. The bonds shall be authorized by resolution of the commission and bond proceedings shall provide for the purpose of the bonds, principal amount and principal maturity or maturities, not exceeding ten years from the date of issuance, the interest rate or rates or the maximum interest rate, the date of the bonds and the dates of payment of interest on the bonds, their denomination, the terms and conditions upon which parity bonds may be issued, and the establishment within or without the state of a place or places of payment of principal of and interest on the bonds. The purpose of the bonds may be stated in the bond proceedings in terms describing the general purpose or purposes to be served. The commission may cause to be issued a prospectus or official statement in connection with the offering of the bonds. Bonds may be issued in coupon or in registered form, or both. Provision may be made for the registration of bonds with coupons attached as to principal alone, or as to both principal and interest, their exchange for bonds so registered, and for the conversion or reconversion into bonds with coupons attached of any bonds registered as to both principal and interest, and for reasonable charges for registration, exchange, conversion, and reconversion. Bonds shall be sold in the manner and at the time determined by the commission. Chapter 75 and sections 23.12 through 23.16 do not apply to these bonds. The bonds are negotiable instruments. The bond proceedings may contain additional provisions as to:

1. The redemption of bonds prior to maturity at the option of the commission at the price and on the terms and conditions provided in the bond proceedings.
2. Other terms of the bonds and concerning execution and delivery of the bonds.
3. The delegation of responsibility for any act relating to the issuance, execution, sale, redemption, or other matter pertaining to the bonds to any other officer, agency of the state, or other person or body.
4. Additional agreements with the bond holders relating to the bonds.
5. Payment from the proceeds of the sale of the bonds of all legal and financial expenses incurred by the department or the commission in the issuance, sale, delivery, and payment of the bonds.
6. Other matters, alike or different, which may in any way affect the security of the bonds and the protection of the bondholders.

Sec. 63. NEW SECTION. 307.49 ADDITIONAL POWERS OF COMMISSION. In connection with the issuance of the bonds or in order to secure the payment of the bonds and

interest on the bonds, the commission may by resolution:

1. Provide that the bonds be secured by first lien on all or any part of the moneys paid into the road use tax fund from the sources specifically prescribed in article VII, section 8 of the Iowa constitution and that the moneys when paid into the road use tax fund will be credited to the highway bond fund with the moneys credited to the highway bond fund each fiscal year being deemed from the road use tax fund allocation to the primary road fund for that fiscal year.

2. Pledge and assign to or entrust for the benefit of the bondholders any part of the road use tax fund revenues collected as prescribed in article VII, section 8 of the Iowa constitution, as will be necessary to pay the principal of and interest on the bonds as they mature or become due by providing that the revenues collected shall be credited to the highway bond fund with the moneys credited to the highway bond fund each fiscal year being deemed from the road use tax fund allocation to the primary road fund for that fiscal year.

3. Establish, authorize, set aside, regulate, and dispose of reserves and sinking funds.

4. Provide that sufficient amounts of the proceeds of the sale of the bonds may be used to fully or partially fund any and all reserves or sinking funds set out by the bond resolution.

5. Prescribe the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of the bonds whose holders must consent thereto, and the manner in which the consent may be given.

6. Purchase bonds, out of funds available for that purpose, which shall be canceled, at a price not exceeding either of the following:

a. If the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date.

b. If the bonds are not then redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

Sec. 64. NEW SECTION. 307.50 FUNDS APPROPRIATED. The proceeds from the issuance of the bonds shall be paid into a separate account which shall be established within the primary road fund and are appropriated to and shall be expended by the department for road construction projects.

In expending the proceeds from the issuance of the bonds, the department shall implement a women's business enterprise program to involve independent businesses owned and controlled by women in road construction projects funded under this division. The program shall establish an overall goal for the participation of women's business enterprises of five percent of the proceeds from the issuance of the bonds, and shall establish specific project goals, including dollar goals, for the participation of women's business enterprises capable of meeting general contracting requirements and particular project solicitations. General contractors shall make a good faith effort to meet the specific goals established for a project funded under this division. The department shall maintain a current directory of women's business enterprises which have been certified as owned and controlled by women and which are capable of meeting general contracting requirements and particular project solicitations. A women's business enterprise shall be certified as owned and controlled by women if the business is independent, at least fifty-one percent owned by women, and managed and operated by women, with women making both the day-to-day decisions as well as the major decisions for the business. The women's ownership shall be real, substantial, and continuing.

In advertising for bids and letting contracts for road construction projects funded under this division, the department shall establish an overall goal for the participation of women construction workers and shall establish specific project participation goals, including percentages of women workers on the project, after considering the number of women workers available and trainable, by the department, for the project. Contractors shall make a good faith effort to meet the specific goals established for a project funded under this division.

Sec. 65. NEW SECTION. 307.51 PAYMENT OF BONDS. A highway bond fund is created in the state treasury. At the direction of the commission as provided in the bond proceedings or pursuant to section 307.49, subsection 1 or 2, and as certified by the director, the treasurer of state shall credit to the highway bond fund from the road use tax fund a sum at least sufficient to pay interest on the bonds in each fiscal year and principal on the bonds that mature during each fiscal year with the moneys credited each fiscal year to the highway bond fund coming from the road use tax fund allocation to the primary road fund for that fiscal year. In each fiscal year after the effective date of this division and after bonds are issued, and until all the bonds issued have been retired, in order to provide for the payment of principal of the bonds issued and sold and the interest on them as the same become due and mature, there is pledged and annually appropriated out of the road use tax fund to be credited to the highway bond fund an amount sufficient to pay principal and interest on the bonds issued for each of the years the bonds are outstanding with the moneys credited each fiscal year to the highway bond fund coming from the road use tax fund allocation to the primary road fund for that fiscal year. The director shall annually certify to the treasurer the amount of funds required to pay interest on the bonds in the ensuing fiscal year and the principal on the bonds that mature during the ensuing fiscal year.

Sec. 66. NEW SECTION. 307.52 PLEDGE AS SECURITY FOR BONDS. A pledge made pursuant to this division is valid and binding from the time the pledge is made.

The moneys pledged and received by the treasurer to be placed in the road use tax fund and subsequently credited to the highway bond fund are immediately subject to the lien of the pledge without any future physical delivery or further act and the lien of a pledge is valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the commission or the department irrespective of whether the parties have notice of the lien of the pledge. The resolution or trust indenture or other instrument by which a pledge is created, when placed in the records of the department, is notice to all concerned of the creation of the pledge, and the instruments need not be recorded in any other place.

Sec. 67. NEW SECTION. 307.53 NONLIABILITY OF THE STATE AND ITS OFFICIALS. Bonds issued are special limited obligations of the department and are not a debt or liability of the state or any other political subdivision within the meaning of any constitutional or statutory debt limitation and are not a pledge of the state's credit or taxing power within the meaning of any constitutional or statutory limitation or provision and except as provided in this division, an appropriation shall not be made, directly or indirectly, by the state or any political subdivision of the state for the payment of bonds. The bonds are special obligations of the department payable solely from the highway bond fund. Funds from the general fund of the state shall not be used to pay interest or principal on the bonds if revenues deposited in the road use tax fund are insufficient.

The members of the commission, the department, or other person executing the bonds is not personally liable for the payment of the bonds. The bonds are valid and binding obligations of the department notwithstanding the fact that before the delivery of the bonds any of the officers whose signatures appear on the bonds cease to be officers of the state. From and after the sale and delivery of the bonds, they shall be incontestable by the department or the commission.

Sec. 68. NEW SECTION. 307.54 BOND ANTICIPATION NOTES. The power to issue bonds includes the power to issue obligations in the form of bond anticipation notes or other forms of short-term indebtedness and to renew these notes by the issuance of new notes. The holders of notes or interest coupons of notes have a right to be paid solely from those road use tax funds credited to the highway bond fund which were pledged to the payment of the bonds

anticipated, or from the proceeds of those bonds or renewal notes, or both, as the commission provides in the bond proceedings authorizing the notes. The notes may be additionally secured by covenants of the commission to the effect that the commission will do those acts authorized by this division and necessary for the issuance of the bonds or renewal notes in appropriate amount, and either exchange the bonds or renewal notes for the notes, or apply the proceeds of the notes, to the extent necessary, to make full payment of the principal of and interest on the notes at the time contemplated, as provided in the bond proceedings. For this purpose, the commission may issue bonds or renewal notes in a principal amount and upon terms as authorized by this division and as necessary to provide funds to pay when required the principal of and interest on the outstanding notes, notwithstanding any limitations prescribed by this division, other than the limitation contained in section 307.45. All provisions for and references to bonds in this division are applicable to notes authorized under this section to the extent not inconsistent with this section.

Sec. 69. NEW SECTION. 307.55 REFUNDING OF OBLIGATIONS. The commission may authorize and issue bonds for the refunding, including funding and retirement, and advance refunding with or without payment or redemption prior to maturity, of bonds previously issued by the department. These bonds may be issued in amounts sufficient for payment of the principal amount of the prior bonds, any redemption premiums on the prior bonds, principal maturities of bonds maturing prior to the redemption of the remaining bonds on a parity with them, interest accrued or to accrue to the maturity date or dates of redemption of the bonds, and project costs including expenses incurred or to be incurred in connection with this issuance, refunding, funding, and retirement. Subject to the bond proceedings, the portion of proceeds of the sale of bonds issued under this section to be applied to principal of and interest on the prior bonds shall be credited to the appropriate account for the prior bonds. Bonds authorized under this section shall be deemed to be issued for those purposes for which the prior bonds were issued and are subject to the provisions of this division pertaining to other bonds. Bonds refunded shall not be considered to be outstanding for purposes of section 307.45.

Refunding bonds may be issued without regard to whether or not the bonds to be refunded are payable on the same date or different dates or due serially or otherwise.

Sec. 70. NEW SECTION. 307.56 BONDS AND INTEREST ON THE BONDS NOT SUBJECT TO TAXATION. Bonds, their transfer, and the income from the bonds are not subject to taxation by this state.

Sec. 71. NEW SECTION. 307.57 BONDS AS LEGAL INVESTMENTS. Bonds are securities in which all public officers and bodies of the state and all municipalities and political subdivisions of this state, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks, and savings associations, including savings and loan associations, building loan associations, investment companies, and other persons carrying on a banking business, all administrators, guardians, executors, trustees, and other fiduciaries and all other persons who are now or may be authorized to invest in bonds or other obligations of this state may properly and legally invest funds including capital in their control or belonging to them. The bonds are also securities which may be deposited with and may be received by all public officers and bodies of the state and all municipalities and legal subdivisions of this state for any purpose for which the deposit of bonds or other obligations of the state is now or may be authorized.

Sec. 72. NEW SECTION. 307.58 RIGHTS OF BONDHOLDERS. The bond proceedings may provide that a holder of bonds or a trustee under the bond proceedings, except to the extent that the holder's rights are restricted by the bond proceedings, may by legal proceedings, protect and enforce any rights under the laws of this state or granted by the bond proceedings. These rights include the right to compel the performance of all duties of the department required by this division or the bond proceedings; to enjoin unlawful activities; and in the event of default with respect to the payment of any principal of or interest on bonds or in the performance of a covenant or agreement on the part of the department in bond proceedings, to apply to a court to appoint a receiver to receive and administer the funds which are pledged to the payment of bonds or which are the subject of the covenant or agreement, with full power to pay and to provide for payment of any principal of or interest on bonds and with powers accorded receivers in general equity cases, excluding power to pledge additional funds or other income or moneys of the department, the state, or governmental agencies of the state to the payment of the bonds.

Sec. 73. NEW SECTION. 307.59 NOTICE. Within ten days after the commission adopts a resolution declaring its intention to issue bonds, it shall publish a notice of its intention to issue bonds in a newspaper published in and with general circulation in the state. The notice shall include a statement of the maximum amount of bonds proposed to be issued and, in general terms, what funds will be pledged to pay principal of and interest on the bonds. An action which questions the legality or validity of bonds or the power of the department to issue bonds or the effectiveness or validity of proceedings adopted for the authorization or issuance of bonds shall not be brought after sixty days from the date of publication of the notice.

Sec. 74. NEW SECTION. 307.60 COURTS TO HAVE JURISDICTION. Courts of record in this state have jurisdiction to issue all original and remedial writs necessary for the determination of the validity or constitutionality of this division.

Sec. 75. NEW SECTION. 307.61 SEVERANCE CLAUSE. If any clause, sentence, paragraph, or part of this division is for any reason judged by a court of competent jurisdiction to be invalid, the judgment shall not affect, impair, or invalidate the remainder of this division, but is confined in its operation to the clause, sentence, paragraph, or part directly involved in the controversy in which the judgment has been rendered.

Sec. 76. NEW SECTION. 307.62 LIBERAL INTERPRETATION. This division, being necessary for the welfare of this state and its inhabitants, shall be liberally construed to effect its purposes.*

DIVISION XI

Sec. 77. NEW SECTION. PURPOSE. There is created a job training partnership program in the state for the purpose of supplementing and implementing the legislative requirements provided under the federal Job Training Partnership Act of 1982, Pub. L. 97-300. The general assembly shall provide the funds necessary to obtain federal funds to provide employment and training assistance to dislocated workers and shall authorize the appropriation of state funds to provide training to the economically disadvantaged. The program shall also establish policies and restrictions for job training and related services provided to certain unemployed individuals under the federal Act. The purpose of this division is also to establish eligibility guidelines for individuals receiving assistance under the state program and federal Act and to establish guidelines for administering the federal Act and state program through the use of service delivery areas designated by the office of the governor in accordance with the federal Act. The office of the governor and the state job training coordinating council shall consult with the legislative council or the appropriate appropriations subcommittees regarding the award to local service delivery areas of funds allocated to the state under Title III of the federal Act and funds mandated to be expended under this division.

*Item veto; see message at end of this Act

Sec. 78. NEW SECTION. DEFINITIONS. As used in sections 77 through 81 unless the context otherwise requires:

1. "Federal Act" means the Job Training Partnership Act of 1982, Pub. L. 97-300.
2. "State program" means the job training partnership program.
3. "Dislocated worker" includes but is not limited to an individual who:
 - a. Has been terminated or laid off, or who has received notice of termination or layoff, and is eligible for or has exhausted unemployment compensation benefits.
 - b. Is unlikely to return to the industry or occupation in which the individual was employed. Industry or occupation includes farming or the ownership and operation of a small business.
 - c. Has been terminated or received notice of termination as a result of the permanent closure or relocation of a plant, facility, or plant operation in which the individual was employed.
 - d. Is chronically unemployed, as determined by the Iowa department of job service and:
 - (1) Has limited opportunities for employment in the geographic area in which the individual resides; or
 - (2) Is an older individual who may face substantial barriers to employment because of age.
4. "Economically disadvantaged" includes the following:
 - a. A person who receives or is a member of a family which receives cash welfare payments under a federal, state, or local welfare program.
 - b. A person who is receiving food stamps under the federal Food Stamp Act of 1977.
 - c. A person who has or is a member of a family which has for six months prior to application for the program, exclusive of unemployment compensation, child support payments, and welfare payments, a total family income in relation to family size less than the higher of the following:
 - (1) The federal poverty level established by the federal office of management and budget; or
 - (2) Seventy percent of the income level adjusted for regional, metropolitan, urban, and rural differences and family size as determined annually by the secretary of the federal department of labor and known as the "lower living standard income level" under the federal Act.
5. "Displaced homemaker" means a person as defined in chapter 241.
6. "Service delivery area" means the geographic area designated by the office of the governor in accordance with section 101 of the federal Act to implement the federal Act within the state.
7. "Unemployed individual" means an individual who is without a job, who wants work, and who is available for work.

Sec. 79. NEW SECTION. ESTABLISHMENT AND ADMINISTRATION. The office of the governor in consultation with the general assembly shall establish a state program to complement, supplement, and implement the federal Act to provide training and related services for unemployed persons who are economically disadvantaged or who are dislocated workers. In administering this program the office of the governor shall do the following:

1. Execute the state responsibilities under Title I of part B of the federal Act.
2. Award grants to applicants who shall provide employment and training services to program participants directly and through contractual arrangements.
3. Distribute funds allocated to the state under Title II of the federal Act in accordance with section 202 of the federal Act.
4. Consult with the legislative council or the appropriate appropriations subcommittees and the state job training coordinating council.
5. Award state funds authorized to be expended under this division and funds allocated to the state under Title III of the federal Act in accordance with section 81 of this Act.

6. Provide eligibility criteria, performance standards, reporting standards, and management standards for the state program which conform to the requirements of the federal Act.

7. Provide technical assistance to service delivery areas for program development and proposal preparation.

8. Take steps to ensure that the programs which are established and the services which are provided under this division and the federal Act are coordinated to the extent feasible with existing state agencies, programs, and services.

9. Order audits which either shall be conducted by the auditor of state or the auditor's designee or shall be independently contracted as required by the federal Act and determined by the governor.

10. By January 15 of each year, the governor shall submit an annual report on the effectiveness of the state job training partnership program. The report shall include an estimate of funds to be allocated at the state level for administrative purposes.

11. Provide the secretary of the senate, chief clerk of the house, and members of the legislative council with copies of quarterly performance reports submitted by the office of the governor in accordance with the federal Act and copies of annual financial reports submitted to the office of the governor by the local private industry councils. The office of the governor and the private industry councils shall provide copies of reports and other information upon the request of a member of the general assembly.

Sec. 80. NEW SECTION. SERVICES PROVIDED.

1. Services to the economically disadvantaged under the state program may include activities permitted under section 204 of the federal Act and any supportive services which are not inconsistent with the federal Act.

2. Services to dislocated workers under the state program may include those activities permitted under section 303 of the federal Act.

3. Funds allocated to the state and appropriated by the state under the federal Act shall not be used in a workfare program except as provided in subsection 4, paragraphs a, b, and d.

4. Priority under this section is accorded any training services which include:

a. On-the-job training.

b. Classroom training.

c. A combination of work experience and remedial education.

d. Job search assistance, including jobs clubs.

e. Tuition assistance for appropriate state approved classroom and vocational-technical programs.

5. Services provided under this section shall be provided in a nondiscriminatory manner and shall promote training in traditional and nontraditional employment opportunities for all persons.

6. After consultation with the appropriate state agencies, the office of the governor shall provide, using state funds if necessary where federal funds are limited by the federal Act, training allowances, expenses, stipends, and supportive services which enable eligible persons to participate in state training services.

7. Permissible supportive services provided for Title III program participants include, but are not limited to, the provision of financial counseling, transportation assistance, or child care to eligible persons.

Sec. 81. NEW SECTION. TITLE III GRANT AWARDS.

1. Except for funds reserved for administration and for state administered statewide programs under Title III, the office of the governor shall distribute by grant awards to local service delivery areas, the remainder of federal funds allocated to the state under Title III of the federal Act and the state funds which are appropriated for Title III programs.

2. An applicant for grants shall submit a grant application to the office of the governor for each grant sought. The application shall indicate the concurrence of the private industry council and the appropriate elected officials within the service delivery areas. Separate applications shall be submitted for training the economically disadvantaged and retraining for dislocated workers.

3. The office of the governor shall consider all of the following factors in determining grant awards:

- a. The need for the proposed training and retraining.
- b. Evidence of local effort to support the proposed activities through public or private funds or in-kind contributions.
- c. The demonstrated effectiveness of the grant applicant in providing training or retraining.
- d. Documentation that the proposed program will prepare participants for specific employment opportunities or occupations projected to be in demand in the local economy.
- e. Documentation that the proposed program is nondiscriminatory and will prepare persons for traditional and nontraditional occupations.

4. Service delivery areas proposing to conduct retraining shall coordinate with the local office of the Iowa department of job service to identify individuals who will be eligible for the program.

Sec. 82. There is appropriated from the general fund of the state to the office of the governor or an agency designated by the governor for the fiscal year beginning July 1, 1983 and ending June 30, 1984 the sum of one million three hundred thousand (1,300,000) dollars or so much thereof as is necessary, to carry out sections 77 through 81 of this Act. Additional funds may be appropriated to provide training for the economically disadvantaged.

DIVISION XII

Sec. 83. NEW SECTION. 28.40 INTENT. The purposes of this division are to encourage capital investment in the state of Iowa, to encourage the establishment or expansion of business and industry, to provide additional jobs within the state, and to encourage research and development activities within this state.

Sec. 84. NEW SECTION. 28.41 TITLE. This division shall be known and may be cited as the "Iowa Venture Capital Fund Act."

Sec. 85. NEW SECTION. 28.42 AUTHORIZED CORPORATION. There may be incorporated under chapter 496A a corporation which shall be known as the Iowa venture capital fund. The corporation shall be established by the Iowa development commission, and the initial board of directors shall be appointed by the governor. The initial board of directors shall consist of five members, not more than three of whom shall be from the same political party. The purpose of the corporation shall be to organize and manage an investment fund which shall be capitalized through the sale of common stock to the public. The Iowa development commission may expend an amount not to exceed one hundred thousand dollars of the funds necessary to establish the corporation which funds shall be repaid to the Iowa development commission upon completion of its public offering of stock. The corporation shall be subject to and have the powers and privileges conferred by this division, and those provisions of chapter 496A which are not inconsistent with and to the extent not restricted or limited by this division. In providing for the sale of its common stock to the public, the corporation shall offer to every licensed brokerage firm located in the state the opportunity to market the sale of the common stock and shall provide for the taking of bids for purposes of determining which brokerage firm or firms will market the sale of the common stock.

Sec. 86. NEW SECTION. 28.43 INVESTMENT POLICY. It is the policy of the Iowa venture capital fund to invest primarily in companies with a principal place of business in the state, which meet the appropriate small business administration definition of small business and which are principally engaged in the development or exploitation of inventions, technological improvements, new processes, or products not previously generally available in this state, or which provides support to such companies, or other investments which provide an economic benefit to the state. Fund investments shall be in accordance with the general objective of encouraging the development of additional business operations and employment in this state through venture capital financing to selected business ventures. The principal financial objective of the fund is to generate long-term capital appreciation by participating in the growth in equity value of Iowa-based companies in which the fund invests.

Sec. 87. NEW SECTION. 28.44 REPORTS TO DEVELOPMENT COMMISSION. The Iowa venture capital fund is subject to the examination of the Iowa development commission and shall make reports of its condition not less than annually and shall also furnish other information as may from time to time be required by the Iowa development commission.

Sec. 88. NEW SECTION. 28.45 STOCK SALES LIMIT. The aggregate value of all stock sold in the Iowa venture capital fund for which a credit is allowed under section 422.10 or 422.33 shall not exceed five million dollars.

Sec. 89. NEW SECTION. 422.10 IOWA VENTURE CAPITAL FUND INVESTMENT CREDIT. The taxes imposed under this division, less credits permitted under section 422.12, shall be reduced by a state tax credit equal to five percent of the taxpayer's investment in the initial offering of securities by the Iowa venture capital fund established by the Iowa development commission and governed by a chapter 496A corporation and the Iowa venture capital fund Act. Any credit in excess of the tax liability for the taxable year may be credited to the tax liability for the following three taxable years or until depleted in less than three years.

In the case of an estate or trust, the credit shall be allocated between each beneficiary and the estate or trust based on the ratio that the income distributed to a beneficiary bears to the total distributable net income of the estate or trust for the taxable year.

Sec. 90. Section 422.33, Code 1983, is amended by adding the following new subsection:

NEW SUBSECTION. 5. The taxes imposed under this division shall be reduced by a state tax credit equal to five percent of the taxpayer's investment in the initial offering of securities by the Iowa venture capital fund established by the Iowa development commission and governed by a chapter 496A corporation and the Iowa venture capital fund Act. Any credit in excess of the tax liability for the taxable year may be credited to the tax liability for the following three taxable years or until depleted in less than three years.

Sec. 91. Sections 83 through 88 of this Act are created as a new division of chapter 28.

DIVISION XIII

Sec. 92. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1983 and ending June 30, 1984, nine hundred thousand (900,000) dollars, or so much thereof as is necessary, to the office for planning and programming to be used for community grants as follows:

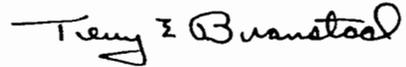
1. The jobs commission established in division 1 of this Act shall establish a program of grants to cities and community groups for the development of community programs that would provide local jobs for Iowa residents and at the same time promote a city's historical, ethnic, and cultural heritages through the development of festivals, music, drama, or cultural programs, or tourist attractions. At least twenty-five percent of the funds appropriated in this division shall be used for the purpose of developing community programs eligible for grants under this division which were not in existence prior to the effective date of this division.

2. A city or community group may submit applications to the jobs commission or to any job service office in the state. Applications shall be reviewed by the Iowa arts council, the state historical board, and the tourist division of the Iowa development commission, acting as an advisory committee to the jobs commission. The advisory committee shall submit recommendations to the jobs commission regarding possible recipients and grant amounts. The amount of a grant shall not exceed fifty percent of the cost of the community program and the application must demonstrate that the city or community group will provide the required matching money. In lieu of providing the entire match in money, a city or community group may substitute in-kind services for up to fifty percent of the matching requirement.

3. If a portion of the funds appropriated by this subsection is not committed to a city or community group by March 1, 1984, the uncommitted funds may be transferred under section 8.39 to local work relief projects funded under division I of this Act.

Sec. 93. This Act, being deemed of immediate importance, takes effect from and after its publication in the Telegraph Herald, a newspaper published in Dubuque, Iowa, and in The Cedar Valley Times, a newspaper published in Vinton, Iowa.

Approved June 12, 1983, except the five items which I hereby disapprove and which are designated as Section 1 and that portion of Section 2 which is herein bracketed in ink and initialed by me; Division III; Division VI; Section 41; and Division X. These are all delineated with my reasons for vetoing in the item veto message pertaining to this Act to the Secretary of State this same date, a copy of which is attached hereto.



TERRY E. BRANSTAD
Governor

I hereby certify that the foregoing Act, Senate File 548, and Governor Terry E. Branstad's item veto message were published in entirety in the Telegraph Herald, Dubuque, Iowa on June 24, 1983, and in The Cedar Valley Times, Vinton, Iowa on June 24, 1983.

MARY JANE ODELL, *Secretary of State*

The Honorable Mary Jane Odell
Secretary of State
State Capitol Building
L O C A L

Dear Madam Secretary:

I hereby transmit Senate File 548, an act for the purpose of improving the Iowa economy and providing improved employment conditions by establishing work relief programs for unemployed Iowans, establishing energy management programs for certain local governments and in buildings owned or occupied by state agencies, encouraging capital investment to stimulate the establishment or expansion of small business and industry, establishing a small business division within the Iowa Development Commission, creating an Iowa product development corporation, appropriating funds for a residential mortgage interest reduction program, creating an Iowa high technology council, establishing a community development loan program, establishing a fund from which to make loans for the establishment of soil and water conservation practices, authorizing the Iowa Department of Transportation to issue and become obligated for road use tax revenue bonds, establishing a job training partnership program, providing for the establishment of a corporation by the Iowa Development Commission which will organize and manage an investment fund which will invest in Iowa enterprises and allowing a state income tax credit on the net investment in the fund, establishing a program to aid communities in developing festivals and other tourist attractions, and making various appropriations to carry out the programs.

Senate File 548 is approved June 12, 1983, with the following exceptions which I hereby disapprove.

I am unable to approve the item designated in the Act as Section 1 and that portion of Section 2 which reads as follows:

Section 1. TITLE. Division I of this Act shall be known as the "Iowans Out of Work Act of 1983".

Sec. 2. IOWA JOBS NOW. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1983, and ending June 30, 1984, three million six hundred thousand (3,600,000) dollars, or so much thereof as is necessary, to establish and fund a statewide work relief program for unemployed Iowans, to be known as the Iowa jobs now program, in accordance with the following conditions:

1. Of the funds appropriated under this section from the general fund of the state, three million (3,000,000) dollars, or so much thereof as is necessary, is appropriated to the office for planning and programming to be used as follows:

b. Funds under the program shall be made available to the state, a state agency, or a county or city which establishes and administers a work relief project, but shall not be made available to a hospital or a school district. The jobs commission shall prescribe standards for the priority selection of work relief projects to be funded under the program. The standards shall include, but are not limited to, priority selection based on the

commitment of local matching funds at a ratio of one dollar of local funds to each dollar of state funds; the project's rate of economic return to the community; the number of individuals who will work on the project; the number of individuals who would benefit from the project; the benefit to the community as a whole and the need for the project. Sixty percent of the state funds shall be targeted to those counties of the state with unemployment rates at least two percent above the statewide unemployment rate, as determined by the jobs commission from statistics provided by the department of job service. The remaining funds shall be distributed to other counties of the state. The office for planning and programming may prohibit or limit the use of the funds for state, county or city administrative or supervisory expenses. The state, state agency, county or city shall pay for all necessary project supplies and materials. The office for planning and programming shall not administer or supervise local projects but shall provide technical support and financial accounting services only to the program. The office for planning and programming shall not use more than one and one-half percent of the funds appropriated under this subsection for administrative expenses.

c. The state, state agency, county or city which establishes a local work relief project shall administer the project and shall hire and supervise individuals to work on the project. The state shall provide general liability coverage for the individuals employed, under chapter 25A as if the individuals were employees of the state. The state shall provide workers' compensation coverage for the individuals employed under sections 85.57 and 85.58 as if the individuals were state employees. Individuals employed on a project are exempt from the provisions of chapter 96, under section 96.19, subsection 6, paragraph a, subparagraph (6), subpart (e), and are hereby exempted from the provisions of chapter 19A, 97B, and 400.

d. The state, state agency, county or city shall employ only those unemployed individuals, who receive little or no unearned income and who have exhausted all available unemployment compensation benefits or are not eligible for unemployment compensation benefits, to work on a local work relief project. The jobs commission may prescribe a uniform procedure to disregard all or a portion of an unemployed individual's unearned income. The individuals shall be paid the federal statutory minimum hourly wage, and shall not be employed for more than thirty-two hours per week in order to allow the individuals to seek private employment. The individuals shall apply for any job training or counseling services available within their respective service delivery areas under the federal Job Training Partnership Act, Pub. L. No. 97-300.

This subsection shall not be construed to disqualify individuals employed by a local work relief project from receiving services for which the individuals are otherwise eligible under the federal Job Training Partnership Act, Pub. L. No. 97-300.

e. The state, state agency, county or city shall not employ the individuals to replace regular state, county or city employees, but shall employ the individuals in labor-intensive jobs for no longer than six months. However, if federal law or regulation prohibits an individual's exemption from chapter 96, the individual shall be employed for no longer than three months. Hiring practices shall follow an affirmative action plan based upon guidelines provided by the Iowa state civil rights commission. The plan shall

provide for the hiring of women in traditional and nontraditional employment.

f. Notwithstanding section 8.33, unencumbered or unobligated funds appropriated by this subsection for the fiscal year beginning July 1, 1983 and ending June 30, 1984 shall not revert to the general fund of the state until June 30, 1985.

2. Of the funds appropriated under this section from the general fund of the state, five hundred thousand (500,000) dollars, or so much thereof as is necessary, is appropriated to the office for planning and programming to contract with the federal action agency for the establishment and funding of a volunteers in service to Iowa program for unemployed Iowans in accordance with the following conditions:

a. The policy-making commission established in subsection 1 shall direct and supervise the establishment and funding of the volunteers in service to Iowa program. The office for planning and programming shall contract with the federal action agency to administer the volunteers in service to Iowa program on a cost-sharing basis with the federal action agency. The federal action agency shall not use more than one and one-half percent of the funds appropriated under this subsection for administrative expenses. If the office for planning and programming is unable to contract with the federal action agency, the office shall monitor the use of funds under the program, and shall not use more than one and one-half percent of the funds appropriated under this subsection for administrative expenses.

b. Funds under the program shall be used to pay a stipend of three hundred thirty-five dollars per one-month period to unemployed volunteers who receive little or no unearned income and who have exhausted all available unemployment compensation benefits or are not eligible for unemployment compensation benefits. In addition, the volunteers shall receive at the end of their period of work assignment, seventy-five dollars for each month of work completed. The commission may prescribe a uniform procedure to disregard all or a portion of an unemployed individual's unearned income. The volunteers may be assigned to work for any public or nonprofit entity for a minimum of six months and a maximum of one year. However, if a contract with the federal action agency is not entered into for administration of the program, a volunteer under the program shall be assigned to work for no longer than three months. The volunteers shall agree to make a full-time commitment to a work assignment which is beneficial to the community or assists unemployed or elderly, low-income Iowans or other needy Iowans to become more self-sufficient or to improve their quality of life. The volunteers shall be available for work at least forty hours per week without regard to regular working hours and at all times during their periods of work, except for authorized periods of leave. The work assignments may include, but are not limited to, assignments to projects providing chore services for the elderly, remedial reading or writing instruction, community or individual gardening instruction and organization, food cooperative instruction and organization, home energy conservation assistance, skill-sharing instruction and organization, distribution services for public or private commodities, and child day care. The work assignments shall not be made to replace regular employees or for participation in religious activities. The work assignments shall, if possible and where needed, be approached in a manner which would assist in the continuation of volunteers'

assignments beyond their terms of assignment, by encouraging local involvement.

c. The public or nonprofit entity to which an individual is assigned shall supervise and direct the individual and shall pay for all necessary work materials, supplies, and transportation costs. Work assignment practices shall follow an affirmative action plan based upon guidelines provided by the Iowa state civil rights commission. The plan shall provide for the assignment of women to traditional and nontraditional employment. If the federal action agency administers the program, volunteers are provided general liability, health and accident, and workers' compensation coverage pursuant to federal regulations. If a contract with the federal action agency is not entered into for the administration of the program, the state shall provide general liability coverage for the volunteers, under chapter 25A, as if the volunteers were employees of the state, and the state shall provide workers' compensation coverage for the volunteers under sections 85.57 and 85.58 as if the volunteers were state employees. The volunteers are exempt from the provisions of chapter 96, under section 96.19, subsection 6, paragraph a, subparagraph (6), subpart (e), and are hereby exempted from the provisions of chapters 19A, 97B and 400.

d. Notwithstanding section 8.33, unencumbered or unobligated funds appropriated by this subsection for the fiscal year beginning July 1, 1983 and ending June 30, 1984 shall not revert to the general fund of the state until June 30, 1985. Funds appropriated by this subsection may be transferred under section 8.39 to the local work relief projects funded under subsection 1 if the funds are not needed for the volunteers to service in Iowa program.

3. Of the funds appropriated under this section from the general fund of the state, one hundred thousand (100,000) dollars, or so much thereof as is necessary, is appropriated to the Iowa arts council, to be used as follows:

a. An individual artist may receive a cash grant not to exceed three thousand dollars for a project determined to be in the public good including but not limited to touring performances and exhibitions, concerts for hospitals or nursing home residents, school concerts, participation in art festivals, fairs, and conventions, paintings, drawings, or sculpture for state buildings, photographic documentation of life in Iowa, public murals, training seminars for students, poetry readings, publications, school residencies, or other projects which are open to the public. A grantee may request an additional stipend not to exceed ten percent of the grant to be used for materials and transportation costs. A grant may be made to an individual artist for a project involving a group of artists. Only the individual artist submitting the application must qualify under paragraph d.

b. An eligible organization under paragraph d may apply for a grant not to exceed three thousand dollars to match an equal amount to be used to hire, for up to one year, an artist-in-residence or arts administrator. Artists hired must meet the eligibility requirements of paragraph d.

c. Applications for a grant may be submitted to the Iowa arts council or to any job service office in the state. Applications shall be reviewed monthly by an advisory committee appointed under section 304A.6, subsection 4. The advisory committee shall submit recommendations to the council regarding possible recipients and the grant amount.

d. An individual must be an Iowa resident and must have been unemployed or had a combined adjusted gross income for federal income tax purposes for the individual and the individual's spouse of less than ten thousand dollars during the twelve months prior to making application. An organization must be incorporated under chapter 504A.

e. The Iowa arts council shall require all grantees to sign a contract and to report to the council within forty-five days following completion of the project. Works produced by a person receiving an individual grant are the property of the state in care of the Iowa arts council. Works produced by a person hired by an organization receiving a grant are the property of the organization.

4. The policy-making commission established in subsection 1 shall cooperate with the state job training coordinating council established pursuant to the federal Job Training Partnership Act, Pub. L. No. 97-300, in the implementation of the Iowa jobs now program. State agencies shall cooperate with the federal action agency in the implementation of the volunteers in service to Iowa program and with the office for planning and programming in the implementation of the Iowa jobs now program, and shall provide necessary job training and technical assistance, for short periods of time, in assisting in the implementation of the Iowa jobs now program. Chapter 17A does not apply to the office for planning and programming or to the cooperating state agencies in the implementation of the Iowa jobs now program.

I am unable to approve the item designated in the Act as Division III which reads as follows:

Sec. 7. **NEW SECTION. 220.70 PURPOSE.** It is the purpose of this division to provide capital investment in the state to encourage the establishment or expansion of small business and industry, to provide additional jobs within the state, and to assist communities to diversify and stabilize the economies.

Sec. 8. **NEW SECTION. 220.71 CERTIFIED DEVELOPMENT PROGRAM.** The authority shall implement a program to assist small businesses in obtaining funds to establish and expand small businesses and create new jobs. The authority shall use the funds to cooperate with and implement the certified development program of the United States small business administration. The funds provided by the authority shall be in the form of loans. The loans shall be made available in cooperation with local and statewide certified development companies and shall be available to small businesses qualified under guidelines of the United States small business administration. Section 220.62, subsection 2, applies to the administration of this section.

For purposes of this division, "small business" means small business as defined in section 220.1, subsection 28 and "capital infusion loan" means a loan under this division by the authority to a small business.

Sec. 9. **NEW SECTION. 220.72 CAPITAL INFUSION LOANS.** Capital infusion loans authorized under this division shall be made from funds appropriated to the authority for that purpose. A capital infusion loan shall be made only in conjunction with a loan made through or in conjunction with a United States small business administration loan for a project. The capital infusion loan shall not constitute more than ten percent of the

entire amounts loaned to the small business with respect to the project. The authority may fund other portions of the project with loans of the authority made pursuant to other sections of this chapter. Capital infusion loans shall be repaid under terms determined by the authority. However, the small business shall not be required to pay interest on that part of the loan received from funds appropriated to the authority for that purpose from the general fund of the state.

Sec. 10. Sections 7 through 9 are enacted as a new division of chapter 220.

Sec. 11. There is appropriated from the general fund of the state to the Iowa housing finance authority for the fiscal year beginning July 1, 1983 and ending June 30, 1984, the sum of five million (5,000,000) dollars, or so much thereof as is necessary, to implement this division.

I am unable to approve the item designated in the Act as Division VI which reads as follows:

Sec. 34. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1983, and ending June 30, 1984, to the Iowa housing finance authority the amount of three million (3,000,000) dollars to be used to fund the program to reduce interest costs to be paid on loans established in section 220.81 of Senate File 223 as enacted by the 1983 Session of the Iowa general assembly.

I am unable to approve the item designated in the Act as Section 41 which reads as follows:

Sec. 41. If the governor finds that the estimated budget resources during the fiscal year beginning July 1, 1983 and ending June 30, 1984 are insufficient to pay all appropriations in full and the governor's findings are concurred in by the executive council, the governor shall not make any reductions in allotment as allowed under section 8.31 until the expended funds appropriated by this division are included in the estimated budget resources. Upon inclusion of the unexpended funds appropriated in this division in the estimated budget resources, any funds appropriated by this division and not encumbered shall remain in the general fund of the state.

If upon inclusion of the funds appropriated by this division in the estimated budget resources for the fiscal year beginning July 1, 1983 and ending June 30, 1984 as authorized by this section, the governor finds that the estimated budget resources during the fiscal year are insufficient to pay all appropriations in full and the executive council concurs in the governor's findings, the governor may make the reductions of allotments allowed under section 8.31.

I am unable to approve the item designated in the Act as Division X which reads as follows:

Sec. 55. NEW SECTION. 307.41 SHORT TITLE. Sections 307.41 through 307.62 are created as a separate division of chapter 307, known as the "Iowa Economic Development Highway Bond Act".

Sec. 56. NEW SECTION. 307.42 DECLARATION OF NECESSITY AND PURPOSE. The purpose of this division is to benefit the citizens of Iowa by assuring that adequate

funds are available to meet road transportation needs of the state, to construct, reconstruct, and improve the highways and bridges of this state, including acquiring rights-of-way for them, and to assure that there are adequate highways for the health, safety, economic development, prosperity, and well-being of the citizens of Iowa. It is the further purpose of this division to authorize the department to issue bonds to finance the improvement of existing highways and bridges and to reconstruct, construct, and improve these highways as necessary for the health, safety, economic development, prosperity, and well-being of the citizens of Iowa. All of the purposes stated in this section are public purposes for which public moneys may be borrowed, expended, advanced, loaned, and appropriated.

Sec. 57. NEW SECTION. 307.43 LEGISLATIVE FINDINGS. The general assembly finds and declares:

1. The construction, reconstruction, and improvement of an adequate highway system within this state is vital for the well-being, health, safety, economic development, and prosperity of the state, its citizens, and its economy.

2. It is essential to the continued well-being, health, safety, economic development, and prosperity of the state, its citizens, and its economy that the state proceed promptly to improve existing roadways, acquire real property necessary to constitute right-of-way for future highway construction, construct, reconstruct, and improve highways and bridges, and have adequate financial resources to meet these needs.

3. Current revenues available are insufficient to construct, reconstruct, and improve the highways and bridges necessary for the continued well-being, health, safety, economic development, and prosperity of the state, its citizens, and its economy.

4. The issuance of the department of road use tax revenue bonds, the appropriation of the net proceeds of the bonds to the primary road fund, and the appropriation of funds of the road use tax fund to the payment of principal of and interest on the road use tax revenue bonds are in all respects for the benefit of the people of the state of Iowa, for the improvement of their health and welfare, and for the promotion of economic development and the economy, all of which are public purposes.

Sec. 58. NEW SECTION. 307.44 DEFINITIONS. When used in this division, unless the context otherwise requires:

1. "Construction projects" or "road construction projects" means the surfacing and resurfacing of primary roads and the grading, draining, paving, bridging, and the incidental work in connection therewith, the reconstruction and improvement of primary roads and bridges, and the acquisition of real property for future highway needs.

2. "Bonds" means negotiable road use tax revenue bonds of the department issued pursuant to this division, and all bonds, notes, and other obligations issued in anticipation of these bonds or as refunding bonds pursuant to this division.

3. "Primary roads" means as defined in section 306.3, subsection 2.
4. "Primary road fund" means the fund created by section 313.3.
5. "Highway bond fund" means the fund created in section 307.51.
6. "Road use tax fund" means the fund created by section 312.1.
7. "Treasurer" means the treasurer of the state of Iowa.

Sec. 59. NEW SECTION. 307.45 BONDS AUTHORIZED. The department may issue and sell bonds in an amount not to exceed ten million dollars, and may become obligated to pay the bonds, as provided in this division. Bonds are limited obligations of the department payable solely from the highway bond fund. The total amount of bonds outstanding at any time shall not exceed ten million dollars. If the supreme court of this state determines that this division and any bonds issued and sold pursuant to this division are not in violation of the constitution of this state the limit on the total amount of bonds that may be outstanding at any one time shall be increased by one hundred million dollars. Beginning with the fiscal year after such determination by the supreme court and for each fiscal year thereafter if the actual amount of road use tax revenues credited to the primary road fund in a fiscal year is less than the amount of such revenues which the department had estimated would be credited to the primary road fund in that fiscal year, the department may issue and sell bonds for that fiscal year in an amount equal to the difference, but not in excess of ten million dollars. If the department has a project which will cost more than ten million dollars and the issuance and sale of bonds are needed the department may issue and sell an amount of bonds sufficient to pay the cost for this project if the general assembly passes a concurrent resolution authorizing the department to issue and sell bonds in a specific amount and for that specific project. The proceeds of the sale of bonds shall be paid into the primary road fund to be expended for road construction projects and for expenses incurred in issuing the bonds, as approved, directed, or incurred by the department. The proceeds of the bonds shall not be used by the department to pay other administrative expenses.

Sec. 60. NEW SECTION. 307.46 TERMS OF BONDS. Bonds shall bear interest at the rate or rates and be in the denominations determined by the commission. The commission shall determine the maturity or maturities of the bonds and the dates of interest payment on the bonds. Each bond is due and payable on the date stipulated on the face of the bond, which date shall not be more than ten years after the date of issuance. The principal and interest are payable at the office of the treasurer or at any other place or places designated by the commission. Each bond shall be executed on behalf of the department with the manual signature of the chairperson or vice chairperson of the commission and attested with a manual or facsimile signature of the director and shall have impressed or printed on it the seal of the department. Coupons attached to the bonds, if any, shall be executed by the facsimile signature of the director. Each facsimile signature has the same force and effect as if the officer had manually signed or attested to each of the bonds and coupons.

The bonds are limited obligations of the department payable solely from those road

use tax funds credited to the highway bond fund and are not general obligations of the state and are not debts or obligations of the state within the meaning of any statutory or constitutional debt limitation.

Sec. 61. NEW SECTION. 307.47 SALE OF BONDS. The commission shall sell the bonds to obtain funds to carry out the purpose of this division and authorize the payments as provided in this division. The proceeds from the sale shall be deposited with the treasurer. The bonds may be sold by the commission at public sale. If the commission so determines, the bonds may be sold by the commission at private sale without published notice and without the regular requirements of a public sale and the sale of the bonds shall be in the manner and upon the terms prescribed by the resolution of the commission authorizing the private sale. If the bonds are sold at public sale, they shall be sold upon terms of not less than par plus accrued interest.

The director with the advice and assistance of counsel shall cause to be prepared the form of advertisements, resolutions, agreements, and other necessary forms for use in the offering for sale and issuance of the bonds and to prepare and cause to be printed the proper form of bond and to deliver the bonds to the proper officials for signature.

If the bonds are offered for public sale the commission shall, by advertisement published for two or more successive weeks in at least one newspaper of general circulation in the state, give notice of the time and place of sale of the bonds, the amounts to be offered for sale, and other information which is deemed pertinent. The last day of publication shall not be less than seven days prior to the date of sale of the bonds. Sealed bids may be received at any time prior to the calling for open bids. At the time and place designated for the sale of bonds, the commission shall first call for open bids. After all of the open bids have been received the substance of the best open bid shall be noted in the minutes. The commission shall then open the sealed bids that have been received and shall note in the minutes the substance of the best sealed bid.

In the discretion of the commission, any or all bids may be rejected, and the sale may be advertised anew in the same manner, or the bonds or any portion of the bonds may be sold at private sale to one or more of the bidders, or other persons.

Sec. 62. NEW SECTION. 307.48 BOND PROCEEDINGS. The bonds shall be authorized by resolution of the commission and bond proceedings shall provide for the purpose of the bonds, principal amount and principal maturity or maturities, not exceeding ten years from the date of issuance, the interest rate or rates or the maximum interest rate, the date of the bonds and the dates of payment of interest on the bonds, their denomination, the terms and conditions upon which parity bonds may be issued, and the establishment within or without the state of a place or places of payment of principal of and interest on the bonds. The purpose of the bonds may be stated in the bond proceedings in terms describing the general purpose or purposes to be served. The commission may cause to be issued a prospectus or official statement in connection with the offering of the bonds. Bonds may be issued in coupon or in registered form, or both. Provision may be made for the registration of bonds with coupons attached as to principal alone, or as to both principal and interest, their exchange for bonds so registered, and for the conversion or reconversion into bonds with coupons attached of any bonds registered as to

both principal and interest, and for reasonable charge for registration, exchange, conversion, and reconversion. Bonds shall be sold in the manner and at the time determined by the commission. Chapter 75 and sections 23.12 through 23.16 do not apply to these bonds. The bonds are negotiable instruments. The bond proceedings may contain additional provisions as to:

1. The redemption of bonds prior to maturity at the option of the commission at the price and on the terms and conditions provided in the bond proceedings.
2. Other terms of the bonds and concerning execution and delivery of the bonds.
3. The delegation of responsibility for any act relating to the issuance, execution, sale, redemption, or other matter pertaining to the bonds to any other officer, agency of the state, or other person or body.
4. Additional agreements with the bondholders relating to the bonds.
5. Payment from the proceeds of the sale of the bonds of all legal and financial expenses incurred by the department or the commission in the issuance, sale, delivery and payment of the bonds.
6. Other matters, alike or different, which may in any way affect the security of the bonds and the protection of the bondholders.

Sec. 63. NEW SECTION. 307.49 ADDITIONAL POWERS OF COMMISSION. In connection with the issuance of the bonds or in order to secure the payment of the bonds and interest on the bonds, the commission may by resolution:

1. Provide that the bonds be secured by first lien on all or any part of the moneys paid into the road use tax fund from the sources specifically prescribed in article VII, section 8 of the Iowa constitution and that the moneys when paid into the road use tax fund will be credited to the highway bond fund with the moneys credited to the highway bond fund each fiscal year being deemed from the road use tax fund allocation to the primary road fund for that fiscal year.
2. Pledge and assign to or entrust for the benefit of the bondholders any part of the road use tax fund revenues collected as prescribed in article VII, section 8 of the Iowa constitution, as will be necessary to pay the principal of and interest on the bonds as they mature or become due by providing that the revenues collected shall be credited to the highway bond fund with the moneys credited to the highway bond fund each fiscal year being deemed from the road use tax fund allocation to the primary road fund for that fiscal year.
3. Establish, authorize, set aside, regulate, and dispose of reserves and sinking funds.
4. Provide that sufficient amounts of the proceeds of the sale of the bonds may be used to fully or partially fund any and all reserves or sinking funds set out by the bond resolution.

5. Prescribe the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of the bonds whose holders must consent thereto, and the manner in which the consent may be given.

6. Purchase bonds, out of funds available for that purpose, which shall be canceled, at a price not exceeding either of the following:

a. If the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date.

b. If the bonds are not then redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

Sec. 64. NEW SECTION. 307.50 FUNDS APPROPRIATED. The proceeds from the issuance of the bonds shall be paid into a separate account which shall be established within the primary road fund and are appropriated to and shall be expended by the department for road construction projects.

In expending the proceeds from the issuance of the bonds, the department shall implement a women's business enterprise program to involve independent businesses owned and controlled by women in road construction projects funded under this division. The program shall establish an overall goal for the participation of women's business enterprises of five percent of the proceeds from the issuance of the bonds, and shall establish specific project goals, including dollar goals, for the participation of women's business enterprises capable of meeting general contracting requirements and particular project solicitations. General contractors shall make a good faith effort to meet the specific goals established for a project funded under this division. The department shall maintain a current directory of women's business enterprises which have been certified as owned and controlled by women and which are capable of meeting general contracting requirements and particular project solicitations. A women's business enterprise shall be certified as owned and controlled by women if the business is independent, at least fifty-one percent owned by women, and managed and operated by women, with women making both the day-to-day decisions as well as the major decisions for the business. The women's ownership shall be real, substantial, and continuing.

In advertising for bids and letting contracts for road construction projects funded under this division, the department shall establish an overall goal for the participation of women construction workers and shall establish specific project participation goals, including percentages of women workers on the project, after considering the number of women workers available and trainable, by the department, for the project. Contractors shall make a good faith effort to meet the specific goals established for a project funded under this division.

Sec. 65. NEW SECTION. 307.51 PAYMENT OF BONDS. A highway bond fund is created in the state treasury. At the direction of the commission as provided in the bond proceedings or pursuant to section 307.49, subsection 1 or 2, and as certified by the director, the treasurer of state shall credit to the highway bond fund from the road use tax

fund a sum at least sufficient to pay interest on the bonds in each fiscal year and principal on the bonds that mature during each fiscal year with the moneys credited each fiscal year to the highway bond fund coming from the road use tax fund allocation to the primary road fund for that fiscal year. In each fiscal year after the effective date of this division and after bonds are issued, and until all the bonds issued have been retired, in order to provide for the payment of principal of the bonds issued and sold and the interest on them as the same become due and mature, there is pledged and annually appropriated out of the road use tax fund to be credited to the highway bond fund an amount sufficient to pay principal and interest on the bonds issued for each of the years the bonds are outstanding with the moneys credited each fiscal year to the highway bond fund coming from the road use tax fund allocation to the primary road fund for that fiscal year. The director shall annually certify to the treasurer the amount of funds required to pay interest on the bonds in the ensuing fiscal year and the principal on the bonds that mature during the ensuing fiscal year.

Sec. 66. NEW SECTION. 307.52 PLEDGE AS SECURITY FOR BONDS. A pledge made pursuant to this division is valid and binding from the time the pledge is made.

The money pledged and received by the treasurer to be placed in the road use tax fund and subsequently credited to the highway bond fund are immediately subject to the lien of the pledge without any future physical delivery or further act and the lien of a pledge is valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the commission or the department irrespective of whether the parties have notice of the lien of the pledge. The resolution or trust indenture or other instrument by which a pledge is created, when placed in the records of the department, is notice to all concerned of the creation of the pledge, and the instruments need not be recorded in any other place.

Sec. 67. NEW SECTION. 307.53 NONLIABILITY OF THE STATE AND ITS OFFICIALS. Bonds issued are special limited obligations of the department and are not a debt or liability of the state or any other political subdivision within the meaning of any constitutional or statutory debt limitation and are not a pledge of the state's credit or taxing power within the meaning of any constitutional or statutory limitation or provision and except as provided in this division, an appropriation shall not be made, directly or indirectly, by the state or any political subdivision of the state for the payment of bonds. The bonds are special obligations of the department payable solely from the highway bond fund. Funds from the general fund of the state shall not be used to pay interest or principal on the bonds if revenues deposited in the road use tax fund are insufficient.

The members of the commission, the department, or other person executing the bonds is not personally liable for the payment of the bonds. The bonds are valid and binding obligations of the department notwithstanding the fact that before the delivery of the bonds any of the officers whose signatures appear on the bonds cease to be officers of the state. From and after the sale and delivery of the bonds, they shall be incontestable by the department or the commission.

Sec. 68. NEW SECTION. 307.54 BOND ANTICIPATION NOTES. The power to issue bonds includes the power to issue obligations in the form of bond anticipation notes or other forms of short-term indebtedness and to renew these notes by the issuance of new notes. The holders of notes or interest coupons of notes have a right to be paid solely from those road use tax funds credited to the highway bond fund which were pledged to the payment of the bonds anticipated, or from the proceeds of those bonds or renewal notes, or both, as the commission provides in the bond proceedings authorizing the notes. The notes may be additionally secured by covenants of the commission to the effect that the commission will do those acts authorized by this division and necessary for the issuance of the bonds or renewal notes in appropriate amount, and either exchange the bonds or renewal notes for the notes, or apply the proceeds of the notes, to the extent necessary, to make full payment of the principal of and interest on the notes at the time contemplated, as provided in the bond proceedings. For this purpose, the commission may issue bonds or renewal notes in a principal amount and upon terms as authorized by this division and as necessary to provide funds to pay when required the principal of and interest on the outstanding notes, notwithstanding any limitations prescribed by this division, other than the limitation contained in section 307.45. All provisions for and references to bonds in this division are applicable to notes authorized under this section to the extent not inconsistent with this section.

Sec. 69. NEW SECTION. 307.55 REFUNDING OF OBLIGATIONS. The commission may authorize and issue bonds for the refunding, including funding and retirement, and advance refunding with or without payment or redemption prior to maturity, of bonds previously issued by the department. These bonds may be issued in amounts sufficient for payment of the principal amount of the prior bonds, any redemption premiums on the prior bonds, principal maturities of bonds maturing prior to the redemption of the remaining bonds on a parity with them, interest accrued or to accrue to the maturity date or dates of redemption of the bonds, and project costs including expenses incurred or to be incurred in connection with this issuance, refunding, funding, and retirement. Subject to the bond proceedings, the portion of proceeds of the sale of bonds issued under this section to be applied to principal of and interest on the prior bonds shall be credited to the appropriate account for the prior bonds. Bonds authorized under this section shall be deemed to be issued for those purposes for which the prior bonds were issued and are subject to the provisions of this division pertaining to other bonds. Bonds refunded shall not be considered to be outstanding for purposes of section 307.45.

Refunding bonds may be issued without regard to whether or not the bonds to be refunded are payable on the same date or different dates or due serially or otherwise.

Sec. 70. NEW SECTION. 307.56 BONDS AND INTEREST ON THE BONDS NOT SUBJECT TO TAXATION. Bonds, their transfer, and the income from the bonds are not subject to taxation by this state.

Sec. 71. NEW SECTION. 307.57 BONDS AS LEGAL INVESTMENTS. Bonds are securities in which all public officers and bodies of the state and all municipalities and political subdivisions of this state, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks, and savings associations, including savings and loan associations, building loan associations, investment companies, and other persons carrying on a banking business, all administrators, guardians, executors, trustees, and other fiduciaries and all other persons who are now or may be authorized to invest in bonds or other obligations of this state may properly and legally invest funds including capital in their control or belonging to them. The bonds are also securities which may be deposited with and may be received by all public officers and bodies of the state and all municipalities and legal subdivisions of this state for any purpose for which the deposit of bonds or other obligations of the state is now or may be authorized.

Sec. 72. NEW SECTION. 307.58 RIGHTS OF BONDHOLDERS. The bond proceedings may provide that a holder of bonds or a trustee under the bond proceedings, except to the extent that the holder's rights are restricted by the bond proceedings, may by legal proceedings, protect and enforce any rights under the laws of this state or granted by the bond proceedings. These rights include the right to compel the performance of all duties of the department required by this division or the bond proceedings; to enjoin unlawful activities; and in the event of default with respect to the payment of any principal of or interest on bonds or in the performance of a covenant or agreement on the part of the department in bond proceedings, to apply to a court to appoint a receiver to receive and administer the funds which are pledged to the payment of bonds or which are the subject of the covenant or agreement, with full power to pay and to provide for payment of any principal of or interest on bonds and with powers accorded receivers in general equity cases, excluding power to pledge additional funds or other income or moneys of the department, the state, or governmental agencies of the state to the payment of the bonds.

Sec. 73. NEW SECTION. 307.59 NOTICE. Within ten days after the commission adopts a resolution declaring its intention to issue bonds, it shall publish a notice of its intention to issue bonds in a newspaper published in and with general circulation in the state. The notice shall include a statement of the maximum amount of bonds proposed to be issued and, in general terms, what funds will be pledged to pay principal of and interest on the bonds. An action which questions the legality or validity of bonds or the power of the department to issue bonds or the effectiveness or validity of proceedings adopted for the authorization or issuance of bonds shall not be brought after sixty days from the date of publication of the notice.

Sec. 74. NEW SECTION. 307.60 COURTS TO HAVE JURISDICTION. Courts of record in this state have jurisdiction to issue all original and remedial writs necessary for the determination of the validity or constitutionality of this division.

Sec. 75. NEW SECTION. 307.61 SEVERANCE CLAUSE. If any clause, sentence, paragraph, or part of this division is for any reason judged by a court of competent

jurisdiction to be invalid, the judgment shall not affect, impair, or invalidate the remainder of this division, but is confined in its operation to the clause, sentence, paragraph, or part directly involved in the controversy in which the judgment has been rendered.

Sec. 76. NEW SECTION. 307.62 LIBERAL INTERPRETATION. This division, being necessary for the welfare of this state and its inhabitants, shall be liberally construed to effect its purposes.

Senate File 548 is the omnibus jobs bill. I applaud legislators for sharing my goals of job creation and economic development for the state of Iowa. Indeed, much significant non-budgetary legislation was enacted this year to accomplish those goals — revising security laws, increasing small business loans and removing financial restrictions on the housing industry, to name just a few. In addition, the legislature expressed its commitment to economic growth through the budget process, as well. And, this \$24.9 million bill represents the bulk of that effort.

While I share the legislature's desire to spur economic growth in Iowa, I also believe that state government's economic development efforts should follow certain guidelines. First, state action should encourage the private sector to create meaningful and lasting jobs for Iowans. Iowans want meaningful jobs they can count on so that they can support themselves and their families with some measure of personal satisfaction and financial security. Moreover, stimulating private sector development is the only way to truly strengthen Iowa's economy. Second, action to encourage economic development must take into consideration the state's available budget resources. The state budget is already stretched tight and this bill results in approximately \$12.8 million of expenditures in excess of recommended levels. While the legislature did raise some additional revenues, the state simply cannot afford all of this extra spending. Thus, each item in this omnibus bill has been reviewed with an eye toward obtaining the greatest economic development benefit for each state dollar spent.

Division I of Senate File 548 would establish a \$3.6 million public works program in Iowa. This division requires that \$3 million of the appropriated funds be made available to state or local government agencies to employ individuals for up to six months for unspecified work relief projects. The individual is to be paid the federal minimum wage and is allowed to work no more than 32 hours per week. This division also appropriates \$500,000 for a paid volunteer program to be administered by the federal action agency. These paid volunteers would work for up to one year for any public or nonprofit entity. Finally, Division I includes a \$100,000 appropriation to pay cash grants of up to \$3,000 to artists for public projects.

I understand and respect the legislative purpose behind these programs — to provide temporary public work for those who have exhausted their unemployment benefits. Indeed, many of these Iowans need our assistance. However, this proposal does not address the long term needs of these Iowans, is inappropriately directed and duplicates some existing programs. Therefore, I must disapprove this plan for additional state spending.

The public works portion of Division I would create only temporary, unspecified work for Iowans who need meaningful and lasting jobs. At the end of a six-month public works stint, an unemployed Iowan would likely be in no better economic shape than he or she was before the job began. Indeed, this program may effectively delay unemployed Iowans from taking the necessary steps to re-enter the private sector workforce.

These necessary re-employment steps include searching for work and obtaining the training skills needed for new employment. Lack of proper job training is one of the greatest impediments to re-employment in the private sector since the industries that are hiring new employees demand skilled workers. I commend legislators for taking action in this bill to provide for these training needs of unemployed Iowans. The \$1.3 million appropriation made in Division XI of Senate File 548 will create a dislocated workers program to provide training and job counseling assistance for those Iowans who have lost their jobs because of plant closings. This program, in combination with the \$40 million in the federal Job Training Partnership Act, will help give unemployed Iowans the skills they need to obtain a new job.

This public works program is designed not to train, but only to provide a temporary work experience and some financial assistance to the unemployed. And those needs have also been addressed elsewhere by the legislature.

Those Iowans who cannot find work and have demonstrated financial need are eligible for other public assistance. The legislature appropriately retained the unemployed parent program which provides for basic needs, including medical care and shelter, for the families of the needy who are unemployed. Indeed, the legislature expanded this program to include eligibility for both spouses and provided a community work program for those able to work. A recent survey of states shows that Iowa is one of the nation's leaders in the unemployed parent workfare program, with over 2,000 workers now employed. In short, the unemployed parent workfare program provides basic assistance to the unemployed needy and gives them an opportunity to have a positive work experience. To some extent, the public works program proposed in this bill would only duplicate that existing state program.

In addition, this proposed state public works program duplicates efforts already being made by the federal government. The federal jobs bill provides over \$42 million in emergency assistance for projects ranging from tree planting to school building weatherization. Temporary employment will be provided for over 3,000 Iowans. In light of this massive federal effort, the need for a similar state program is questionable.

In sum, needy, out-of-work Iowans require job training and counseling, basic assistance and some work experience. These essential needs have been addressed by other prudent legislative actions taken this year and by the federal government. Therefore, this \$3 million public works effort would at least partially duplicate state and federal work programs and does not address the important job training and counseling needs of unemployed Iowans. With the present budget constraints, the state can ill-afford to spend funds in such a misdirected and duplicative fashion.

Division I also includes a provision to pay volunteers. Increasing volunteerism is one of my top priorities. However, I cannot approve this proposal because it could, in fact, hurt the volunteerism effort in Iowa.

Presently, there are at least 30,000 volunteers in Iowa who do everything from caring for the elderly to saving Iowa's rich soil. In addition, the state has over 500 groups that perform volunteer services. And, these services are truly volunteer — they are done without charge.

This program would single out 100 volunteers for a special monthly stipend. I fear that such special treatment could be deemed unfair and thus discourage present and future volunteers.

Moreover, this program is to be administered by a federal agency for which funding has been consistently reduced. In fact, the future of the federal VISTA organization, which is to administer this state program, is in doubt. Therefore, it is likely that the federal agency would be unable to pay its share of the administrative costs of the program. And, the funds the bill provides to the Office for Planning and Programming would be woefully inadequate to allow for the proper administration of the program.

The third portion of Division I provides \$100,000 to the Arts Council for grants to artists. Each artist could obtain a \$3,000 grant for a public art project. I am a strong supporter of the arts and I am pleased that the legislature supported my request for a 28 percent increase in state funding for the Arts Council. However, that appropriation, combined with the \$900,000 grant program for festivals and cultural affairs included in Division XIII of this bill, will significantly increase the state's commitment to the arts and artists. In view of that substantial increase in funding for the arts, additional appropriations would stretch the state's fiscal resources beyond their limits.

Division III of Senate File 548 appropriates \$5 million to the Iowa Housing Finance Authority (IHFA) for "capital infusion loans." The program would apparently work like this: a qualified business would apply to the Small Business Administration (SBA) to obtain a loan to finance a proposed expansion under the SBA's 503 loan program; SBA would use its authority to guarantee 40 percent of the loan; IHFA would issue a bond to back 50 percent of the loan, as authorized under recently enacted Senate File 223; and the state would then provide a no-interest "capital infusion" loan for the ten percent of the loan remaining.

The intent of this provision is apparently to make lower interest loans available to qualified businesses. That is a worthwhile goal. However, this proposal would provide little incentive for additional business expansion while costing the strapped state budget \$5 million in extra spending.

This \$5 million proposal would make very few loans available to businesses that would not already be able to obtain them. The combined SBA/IHFA 90 percent loan guarantee would be quite secure and attractive for prospective lenders. In addition, the guarantee would provide a competitive loan for prospective borrowers. Indeed, it has been estimated that such a loan would carry an interest rate of approximately 10.5 percent — a good commercial rate in today's financial market. Most businesses interested in expansion would find such an interest rate very attractive. Thus, it is likely that these SBA loans would get made without a 10 percent contribution from the state.

Moreover, it is estimated that the state's 10 percent capital infusion would lower the interest rate on these loans by only approximately one percent. A state expenditure of \$5 million is a high price to pay in order to reduce by only one percent the interest rate on loans that would probably be made anyway.

It is also important to note that much has been done in another bill passed during the session to aid small businesses seeking debt-financed expansion loans. Senate File 223 doubled the volume of tax-exempt bonds that can be issued to finance small business loans. IHFA will now have \$100 million in bonding authority to provide low interest loans to qualified small businesses that are seeking to expand. Loans worth over \$10 million have already been made with interest rates as low as seven percent. Thus, IHFA has up to \$90 million of remaining lending capacity for low interest, small business loans. I must therefore question the wisdom of a \$5 million state appropriation to make similar loans at a potentially higher rate of interest.

Finally, I have concerns about the philosophy behind this and the \$3 million mortgage buy-down proposal included in Senate File 548. Both of these programs would, for the first time, make state funds available to IHFA to buy-down interest rates. Never before has this agency received a direct state appropriation for lending programs. Indeed, save for the first-year start-up, even the operating expenses of the authority have been traditionally paid for by IHFA revenues without any state funds. This arms-length arrangement between state government and IHFA has served Iowans well. The tax-exempt bond market has been used to raise the necessary funds and the state budget has been protected. Moreover, this arrangement has helped make certain that IHFA's lending decisions are based on finances and not politics. I am concerned that these proposed appropriations would put even greater pressures on future state budgets as well as placing IHFA directly into the political arena.

Division VI of Senate File 548 appropriates \$3 million to IHFA for a residential mortgage interest reduction program. This program was authorized in a separate bill and would require IHFA to reduce interest rates on mortgage loans for up to five years. The amount of the reduction would be between three and five percent the first year, and a lesser amount in succeeding years. Thus, the apparent intent of the program is to induce more Iowans into entering the housing market by offering reduced mortgage interest rates for a short term.

I am generally supportive of efforts to boost the housing market. The housing construction industry has been in a slump the past few years and a recovery in that industry would provide a boost to the entire Iowa economy. However, I cannot approve this proposed mortgage buy-down program because it represents a false promise to many potential home buyers and more cost-effective ways to stimulate the housing industry are available.

This program could help only one of 1,000 Iowa families. Therefore, the program could unfairly raise the expectations of many potential Iowa homebuyers, with little chance of ever realizing those expectations. Moreover, by decreasing the interest rate by a substantial amount the first year and then gradually eliminating that subsidy by the end of five years, this program could tempt some Iowans into entering the home market even though they may not be able to make their home payments once the interest reduction runs out. It would indeed be a cruel hoax for the state to encourage Iowans to buy homes knowing that they may not be able to afford them later.

In addition, it must be noted that the legislature passed other legislation this year which could significantly stimulate the housing market. Senate File 223 eliminates many of the financial restrictions which prevented Iowa home builders from obtaining the financing they needed to offer affordable housing to Iowans. I am hopeful that federal economic policy and Senate File 223 will allow more Iowans to fashion the financial packages they need to purchase a home.

Also, it is my understanding that it is IHFA's intention to re-enter the housing bond market later this year and it is expected that home mortgages at interest rates at approximately two to three percent below the market rate will result. Use of the tax exempt bond market is the traditional and cost-effective way for the state to provide reduced rate home mortgages. In addition, home mortgages obtained through this market provide stable, secure and reasonably priced financing for Iowans looking for a home. Therefore, the state should continue to use the tax exempt bond market, and not the state's general fund, to finance homes for Iowans.

Division VII of Senate File 548 establishes a High Technology Council and appropriates \$2.1 million to the council to fund its operations and to begin a research grant program. I commend legislators for wisely recognizing the job-creation potential of high technology industry in Iowa. However, Section 41 of the bill would require the reversion of all unencumbered funds appropriated to the council if the state faces budget problems. I cannot approve that section because it represents a half-hearted commitment to high technology jobs and would cripple the operations of the council.

Much has been said and written about the importance of high technology to our economic future. Indeed, Iowa already has an estimated 35,000 so-called high tech jobs. And, with this state's mix of excellence in education, productive workers and high quality of life, the potential exists to create many more high tech jobs. Such a diversification of the economy is in Iowa's best long term economic interests — it would make Iowa better prepared to weather economic storms in the agricultural and manufacturing sectors.

In order to increase the state's commitment to high tech jobs, a task force appointed by former Governor Ray recommended that a high tech council be established, a grant program be developed to provide financing for research that has potential for commercial application, and a technology transfer effort be undertaken. Fortunately, Division VII of this bill provides for each of those recommendations.

However, the legislature apparently hedged its bet on high tech. This program would be entirely eliminated should the state face a budget problem. Reversion of all the unencumbered funds, which include funds to operate the council, would force Iowa to shut its high tech development doors. If Iowa is serious about high tech jobs, we must maintain a stable, long term commitment to the program. While I, too, regard an across-the-board cut as one of the last resorts in budget-making, I believe that the budget action proposed here would be penny wise and pound foolish. It is, however, likely that the \$2 million in research grants will not be expended quickly. Therefore, if state budget troubles mount that portion of the appropriation could be re-examined without crippling the operation of the council.

Division X of Senate File 548 grants the Department of Transportation (DOT) the authority to issue primary road fund revenue bonds. The bill allows DOT to sell \$10 million in bonds per year or the difference between actual primary road funds and those that were estimated to be received, whichever is lower. However, additional bonding can be issued upon approval by the legislature of the individual projects for which the bonds are to be used. Initially, \$10 million in total bonding authority is authorized. Also, if the bonds are determined to be constitutional, the bonding limit is increased to \$110 million.

Apparently, by passing this division, the legislature intended to allow DOT to increase its available road construction finances and to gain a test of the constitutionality of road bonding. However, this division will effectively do neither and, therefore, I must disapprove it.

I support reasonable efforts to provide proper funding for roads in Iowa. I understand the importance of transportation to economic development. However, DOT officials have studied this proposal and have determined that, considering the interest rate on bonds and the level of bonding authorized, this proposal would provide little, if any benefit to the department's road construction plans. The slight increase in available road funding would be offset by the extra interest costs chargeable to the primary road fund. And, considering the additional support needed to manage the bonds, the DOT could come out a net loser with this bonding proposal. Thus, this bonding plan appears to make little road funding sense.

In addition, this division is not likely to obtain even the good court test on the constitutionality of road bonding sought by its proponents. Requiring legislative approval of individual projects could jeopardize the arms length legal relationship required between the bonding authority and those in charge of appropriating from the state's general fund. As a result, a serious question could be raised as to whether the full faith and credit of the state has been pledged to secure the bonds. More important, requiring legislative approval of individual road projects would directly introduce politics into road financing decisions. We have traditionally, and I believe wisely, left such decisions to the DOT which is better able to review each project in light of the transportation needs of the entire state.

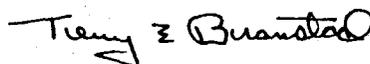
Finally, I believe the state is generally better served with a pay-as-you-go transportation funding system. Today, one of our major transportation problems is road maintenance. I fear that a road bonding program would lead to a boom or bust transportation funding system where roads would be built with no funds available in the future to maintain them. Instead, future road use tax revenues would have to be used to pay the interest on the bonds. Such a system of feast or famine transportation funding would not be good for the state's economy and would only exacerbate our road repair problems.

Moreover, it is important to note that substantially more dollars are available for roads in Iowa than just one year ago. The increase in the use tax will funnel over \$17.5 million into the road use tax fund. Over \$50 million in additional federal dollars are available for road repair and construction this fiscal year. And, the scheduled phase-out in the gasohol road tax subsidy should substantially reduce the dollar drain on the road fund. Indeed, legislators seeking additional road funding would have been wise to consider the adjustment in the gasohol tax that I recommended which would have pumped over \$5 million per year more into the road fund. In the future, it would be wise to seek implementation of the Blue Ribbon Task Force on Transportation report which includes methods to save road funds by streamlining the administration of our road system.

In sum, Division X would not substantially increase available road funds, nor is it likely to obtain a good constitutional test of road bonding. Rather, the state would be better served by efficiently managing the additional funds that have been received under the present pay-as-you-go system.

For the above reasons, I hereby disapprove these items in accordance with Amendment 4 of the Amendments of 1968 to the Constitution of the State of Iowa. All other items of Senate File 548 are hereby approved as of this date.

Very truly yours,

A handwritten signature in black ink that reads "Terry E. Branstad". The signature is written in a cursive style with a large, looped "B" at the end.

Terry E. Branstad
Governor