

CHAPTER 1201

APPROPRIATIONS — ECONOMIC DEVELOPMENT

H.F. 2415

AN ACT appropriating funds to the department of economic development, the Iowa finance authority, and the Wallace technology transfer foundation, and making statutory changes relating to economic development, and providing effective dates.

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

Section 1. There is appropriated from the general fund of the state and other designated funds to the department of economic development for the fiscal year beginning July 1, 1994, and ending June 30, 1995, on the condition that the department shall not use any moneys appropriated under this Act for further expansion of industrial site locator programs until the industrial site locator program at the university of northern Iowa is completed and fully implemented and the department and the university have reported to the general assembly on plans for coordination and cooperation between the department and the university, including access by the department to the database and technology of the university program, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATIVE SERVICES DIVISION

a. General administration

For salaries, support, maintenance, miscellaneous purposes, for providing that a business receiving moneys from the department for the purpose of job creation shall make available ten percent of the new jobs created for promise jobs program participants, who are qualified for the jobs created, and for providing a written report to the joint economic development appropriations subcommittee and the legislative fiscal bureau not later than January 15, 1995, regarding the structure of or plans to implement an advertising sales program

.....	\$	892,000
.....	FTEs	22.00

The director shall coordinate efforts with the workforce coordinator to implement the intent of the general assembly regarding businesses receiving job creation moneys and shall report to the joint economic development appropriations subcommittee regarding the number of jobs to be created by each business, the number of qualified promise jobs participants applying with the business, and the number of promise jobs participants hired.

b. Primary research and computer center

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	326,000
.....	FTEs	5.50

c. Film office

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	185,000
.....	FTEs	2.00

2. BUSINESS DEVELOPMENT DIVISION

a. Business development operations

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	3,000,000
.....	FTEs	16.00

b. Small business programs

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for the small business program, the small business advisory council, targeted small business program, business incubators, for providing 1.00 FTE

for the targeted small business compliance officer who shall continue to work jointly with the department of management, and for deaf interpreters funded through the economic development deaf interpreters revolving fund established in section 15.108, subsection 7, paragraph "j":

.....	\$	380,000
.....	FTEs	6.50

The department shall report to the joint economic development appropriations subcommittee and the legislative fiscal bureau regarding the utilization of the deaf interpreters by January 15, 1995, and the department shall coordinate with the division of deaf services in the provision of deaf interpreter services.

c. Federal procurement office

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	98,000
.....	FTEs	3.00

Notwithstanding section 8.33, moneys remaining unencumbered or unobligated on June 30, 1995, shall not revert and shall be available for expenditure during the fiscal year beginning July 1, 1995, for the same purposes.

d. Strategic investment fund

For deposit in the strategic investment fund for salaries, support, and for not more than the following full-time equivalent positions:

.....	\$	5,649,000
.....	FTEs	10.00

e. Targeted small business incubator

For transfer directly to the targeted small business incubator in Des Moines, for computer equipment and other equipment, for the fiscal year beginning July 1, 1994, and ending June 30, 1995:

.....	\$	10,000
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Moneys appropriated for fiscal year 1994 and not expended by June 30, 1994, shall not revert but shall be held by the department for funding, with local matching funds, the targeted small business incubator in Des Moines for the fiscal year beginning July 1, 1994, and ending June 30, 1995:

There is appropriated from the general fund of the state and other designated funds to the department of economic development for the fiscal year beginning July 1, 1995, and ending June 30, 1996, the following amount, or so much thereof as is necessary to be used for funding, with local matching funds, the targeted small business incubator in Des Moines:

.....	\$	40,000
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f. Insurance economic development

There is appropriated from moneys collected by the division of insurance in excess of the anticipated gross revenues under section 505.7, subsection 3, to the department for the fiscal year beginning July 1, 1994, and ending June 30, 1995, the following amount, or so much thereof as is necessary, for insurance economic development and international insurance economic development:

.....	\$	200,000
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3. COMMUNITY AND RURAL DEVELOPMENT DIVISION

a. Community assistance

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for administration of the community economic preparedness program, the Iowa community betterment program, and the city development board:

.....	\$	571,000
.....	FTEs	7.50

b. Main street/rural main street program

For salaries and support for not more than the following full-time equivalent positions:

.....	\$	375,000
.....	FTEs	3.00

Notwithstanding section 8.33, moneys committed to grantees under contract from the general fund of the state that remain unexpended on June 30 of the fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

c. Rural development program

For salaries, support, maintenance, miscellaneous purposes, for not more than the following full-time equivalent positions for rural resource coordination, rural community leadership, and the rural enterprise fund:

.....	\$	422,000
.....	FTEs	4.50

There is also appropriated from the rural community 2000 program revolving fund established in section 15.287 to the rural development program for the purposes of the program including the rural enterprise fund and collaborative skills development training:

.....	\$	226,000
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Notwithstanding section 8.33, moneys committed to grantees under contract from the general fund of the state or through transfers from the Iowa community development loan fund or from the rural community 2000 program revolving fund that remain unexpended at the end of the fiscal year shall not revert but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

d. Community development block grant and HOME

For administration and related federal housing and urban development grant administration for salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	380,000
.....	FTEs	18.75

e. Councils of governments

There is appropriated from the rural community 2000 program revolving fund established in section 15.287 to provide to Iowa's councils of governments funds for planning and technical assistance funds to assist local governments to develop community development strategies for addressing long-term and short-term community needs:

.....	\$	178,000
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4. INTERNATIONAL DIVISION

a. International trade operations

For conducting foreign trade missions on behalf of Iowa businesses, salaries, support, maintenance, miscellaneous purposes, for allocating \$100,000, or so much thereof as is necessary, to fund the United States midwest Japan conference, for allocating \$45,000 for marketing in Mexico, and for not more than the following full-time equivalent positions:

.....	\$	731,000
.....	FTEs	7.00

b. Foreign trade offices

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	585,000
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c. Export trade assistance program

For export trade activities, including a program to encourage and increase participation in trade shows and trade missions by providing financial assistance to businesses for a percentage of their costs of participating in trade shows and trade missions, by providing for the lease/sublease of showcase space in existing world trade centers, by providing temporary office space for foreign buyers, international prospects, and potential reverse investors, and by providing other promotional and assistance activities, provided that the department shall consult with the department of agriculture and land stewardship prior to allocating export trade assistance program moneys, including salaries and support for not more than the following full-time equivalent positions:

.....	\$	317,000
.....	FTEs	0.25

d. Agricultural product advisory council

For support, maintenance, and miscellaneous purposes:

..... \$ 1,330

e. For transfer to the partner state program which the department may use to contract with private groups or organizations which are the most appropriate to administer this program and the groups and organizations participating in the program shall, to the fullest extent possible, provide the funds to match the appropriation made in this subsection of the funds transferred, and \$4,000 shall be used only to establish a partner state program with Vietnam:

..... \$ 100,000

If a partner state program has not been established with Vietnam by April 1, 1995, the department of management shall not disburse the \$4,000 allocated for that program.

f. For transfer to the Iowa peace institute for the purpose of continuing to expand conflict resolution and negotiation efforts in Iowa's schools and communities and reporting to the joint appropriations subcommittee on economic development by January 15, 1995, on all such activities undertaken:

..... \$ 96,000

g. For transfer to the international development foundation, on the condition that the foundation not pay for or reimburse the expenses of travel by members of the general assembly for any purpose, for the purposes of the foundation and reporting to the joint appropriations subcommittee on economic development by January 15, 1995, regarding actual and planned expenditures for fiscal year 1995:

..... \$ 200,000

Notwithstanding section 8.33, moneys that remain unexpended on June 30 of the fiscal year shall not revert to any fund but shall be available for expenditure for the purposes of the foundation during the succeeding fiscal year.

5. TOURISM DIVISION

a. Tourism operations

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions, provided that the appropriation shall not be used for advertising placements for in-state and out-of-state tourism marketing:

..... \$ 710,000

..... FTEs 17.77

b. Tourism advertising

For contracting exclusively for tourism advertising for in-state and out-of-state tourism marketing services, tourism promotion programs, electronic media, print media, and printed materials:

..... \$ 2,437,000

The department shall not use the moneys appropriated in this lettered paragraph unless the department develops public-private partnerships with Iowa businesses in the tourism industry, Iowa tour groups, Iowa tourism organizations, and political subdivisions in this state to assist in the development of advertising efforts. The department shall, to the fullest extent possible, develop cooperative efforts for advertising with contributions from other sources.

c. Welcome center program

To implement the recommendations of the statewide long-range plan for developing and operating welcome centers throughout the state, to allocate \$100,000 to the Northwood welcome center, and for planning for a welcome center at living history farms:

..... \$ 350,000

It is the intent of the general assembly that the Northwood welcome center receive an additional \$50,000 in fiscal year 1995-1996.

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended on June 30 of the fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

6. WORKFORCE DEVELOPMENT DIVISION

a. Youth work force programs

For purposes of the conservation corps, including salary, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	950,000
.....	FTEs	2.40

The department may combine for administrative and budget purposes the youth workforce conservation program and the Iowa corps program.

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended on June 30 of the fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

b. Job retraining program

To the community college job training fund created in section 260F.6, including salaries and support for not more than the following full-time equivalent positions:

.....	\$	11,000
.....	FTEs	1.30

There is appropriated from the rural community 2000 program revolving fund established in section 15.287 to the community college job training fund created in section 260F.6, subsection 1, \$325,000. It is the intent of the general assembly that up to \$100,000 of all funds appropriated to the program and some or all of the full-time equivalent positions may be used for the administration of the Iowa small business new jobs training Act.

c. Workforce investment program

For allocating \$450,000 for funding, to the extent possible, the currently existing high technology apprenticeship programs under section 260C.44 at the community colleges, and for the purposes of the workforce investment program, for a competitive grant program by the department in consultation with the state job training coordinating council for projects that increase Iowa's pool of available labor via training and support services with priority given to projects which serve displaced homemakers or welfare recipients, including salaries and support for not more than the following full-time equivalent positions:

.....	\$	926,000
.....	FTEs	0.90

It is the intent of the general assembly that for the fiscal year beginning July 1, 1995, and for subsequent years, apprenticeships shall only be made available to community colleges on the basis of rules adopted by the department of economic development.

The department shall ensure that the workforce investment program is coordinated with services provided under the federal Job Training Partnership Act and that welfare recipients receive priority for services under both programs.

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended at the end of the fiscal year, shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

d. Labor management councils

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	114,000
.....	FTEs	0.50

The department shall not use moneys appropriated in this lettered paragraph for grants to grantees who do not facilitate the active participation of labor as members of labor management councils or who fail to make a good faith effort to either schedule meetings during non-working hours or obtain voluntary agreements with employers to allow employees time off to attend labor management council meetings with no loss of pay or other benefits.

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended on June 30 of the fiscal year shall not revert to any fund but shall be available for expenditure for purposes of the contract during the succeeding fiscal year.

Sec. 2. Notwithstanding section 15E.120, subsections 5, 6, and 7, and section 15.287, there is appropriated from the Iowa community development loan fund from* the moneys available during the fiscal year beginning July 1, 1994, and ending June 30, 1995, to the department of economic development for the rural development program to be used by the department for the purposes of the program.

Sec. 3. Notwithstanding section 15.251, subsection 2, there is appropriated from the job training fund created in the office of the treasurer of state to the department of economic development for the fiscal year beginning July 1, 1994, and ending June 30, 1995, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

- 1. For administration of chapter 260E, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	150,000
.....	FTEs	2.40
- 2. For the target alliance program:

.....	\$	30,000
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- 3. Youth work force programs:

.....	\$	50,000
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- 4. All moneys in the job training fund not appropriated in subsections 1, 2, and 3 shall be used for job training and retraining programs under section 260F.6:

Sec. 4. There is appropriated from the general fund of the state to the Wallace technology transfer foundation for the fiscal year beginning July 1, 1994, and ending June 30, 1995, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For salaries, support, maintenance, and other operational purposes, for administering the industrial technology access program, for approving and submitting to the governor and general assembly not later than January 15 an annual report relating to performance goals of and efforts by the foundation to improve the modernization of industrial facilities, for funding the small business innovation research program, for transferring \$50,000 of the funds appropriated in this section to the Iowa quality coalition for productivity enhancement projects, and for allocating \$350,000 to the industrial technology assistance program and for not more than the following full-time equivalent positions:

.....	\$	2,000,000
.....	FTEs	4.00

Sec. 5. There is appropriated from the general fund of the state to the Iowa seed capital corporation fund established in section 15E.89, for not more than the following full-time equivalent positions:

.....	\$	853,000
.....	FTEs	5.00

Sec. 6. There is appropriated from the general fund of the state to the Iowa state university of science and technology for the fiscal year beginning July 1, 1994, and ending June 30, 1995, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

- 1. For funding and maintaining in their current locations the existing small business development centers, \$60,000 for establishing a new small business development center, and for using \$38,000 or so much thereof as is necessary for salary increases of up to four percent for non-Iowa state university employees:

.....	\$	1,139,000
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- 2. For funding the institute for physical research and technology:

.....	\$	3,900,000
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It is the intent of the general assembly that the incentive program focus on Iowa industrial sectors and seek contributions and in-kind donations from businesses, industrial foundations, and trade associations and that moneys for the institute for physical research and technology

*The word "all" probably intended

industrial incentive program shall only be allocated for projects which are matched by private sector moneys for directed contract research or for nondirected research. The match required of small businesses as defined in section 15.102, subsection 4, for directed contract research or for nondirected research shall be \$1 for each \$3 of state funds. The match required for other businesses for directed contract research or for nondirected research shall be \$1 for each \$1 of state funds. The match required of industrial foundations or trade associations shall be \$1 for each \$1 of state funds.

Iowa state university shall report annually to the joint economic development subcommittee of the senate and house appropriations committees the total amounts of private contributions, the proportion of contributions from small businesses and other businesses, and the proportion for directed contract research and nondirected research of benefit to Iowa businesses and industrial sectors.

Notwithstanding section 8.33, moneys appropriated for any fiscal year which remain unobligated and unexpended at the end of the fiscal year shall not revert but shall be available for expenditure the following fiscal year and the appropriation for the incentive program for the following year shall be reduced by an equal amount.

Sec. 7. There is appropriated from the general fund of the state to the state university of Iowa for the fiscal year beginning July 1, 1994, and ending June 30, 1995, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For funding the advanced drug development program at the Oakdale research park:

..... \$ 491,389

The board of regents shall submit a report on the progress of regents institutions in meeting the strategic plan for technology transfer and economic development to the chairpersons of the joint appropriations subcommittee on economic development, the joint appropriations subcommittee on education, the majority leader, and minority leader of the senate, the majority and minority leaders of the house of representatives, the secretary of the senate, the chief clerk of the house of representatives, and the legislative fiscal bureau by November 1, 1994.

Sec. 8. Notwithstanding section 8.33, moneys appropriated to the department of economic development in 1993 Iowa Acts, chapter 180, section 66, and remaining unspent as of June 30, 1994, shall not revert, but shall remain available for expenditure for the purposes set out in 1993 Iowa Acts, chapter 180, section 66.

Sec. 9. Not later than July 1, 1995, the department of economic development, with consultation and input from the general assembly, and representatives from business, labor, and education shall study and present recommendations to the general assembly which shall include but not be limited to the privatization and decentralization of Iowa's economic development efforts, the identification of areas appropriate to statewide economic development efforts and areas appropriate for regional economic development efforts, benchmark budgeting for statewide and regional efforts, the deregulation of economic development activities, and collaboration between public and private entities.

Sec. 10. 1993 Iowa Acts, chapter 167, section 3, subsection 3, is amended to read as follows:

3. For the workforce coordinator:

..... \$ 73,000
..... FTEs 1.00

Any funds allocated for salary and benefits for the workforce coordinator, and not expended on June 30, 1994, shall not revert, notwithstanding section 8.33, but shall be carried forward and be available for use for the workforce coordinator during the succeeding year.

Sec. 11. There is appropriated from the general fund of the state to the Iowa finance authority for the fiscal year beginning July 1, 1994, and ending June 30, 1995, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For deposit in the housing improvement fund created in section 16.100 for purposes of the fund:

..... \$ 400,000

Sec. 12. There is appropriated from the deaf interpreters revolving fund established in section 15.108, subsection 7, paragraph "j", to the strategic investment fund for the fiscal year beginning July 1, 1994, and ending June 30, 1995, the following amount:

..... \$ 40,000

Sec. 13. Section 12.43, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 5. A preference shall be given to those persons who are less able than other persons to secure funds for a targeted small business without participation in the targeted small business linked investment program.

Sec. 14. Section 15.318, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 16. In cases where projects being reviewed at the same time are given equivalent ratings under subsections 1 through 15, preference in funding shall be given to the project which is located in the county which has the highest percentage of low-and-moderate-income individuals. If the projects are located in the same county, preference in funding shall be given to the project which is located in the city which has the highest percentage of low-and-moderate-income individuals.

Sec. 15. Section 15E.81, Code 1993, is amended to read as follows:

15E.81 TITLE.

This division may be cited as the "Iowa Product Development Seed Capital Corporation Act".

Sec. 16. Section 15E.82, subsections 1, 2, and 5, Code 1993, are amended to read as follows:

1. "Board" means the board of directors of the Iowa product development seed capital corporation.

2. "Corporation" means the Iowa product development seed capital corporation.

5. "President" means the president of the Iowa product development seed capital corporation.

Sec. 17. Section 15E.83, Code 1993, is amended to read as follows:

15E.83 PRODUCT DEVELOPMENT SEED CAPITAL 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. The Iowa seed capital corporation shall be incorporated under chapter 504A. The purpose of the corporation shall be to provide seed capital to start-up and emerging growth companies in Iowa that are bringing new products and processes to the marketplace, and it shall be the goal of the corporation to financially support the establishment and growth of start-up and emerging growth companies that can contribute to the economic diversity of the state and provide general and specific economic benefits to the state. The corporation shall only provide seed capital or financial assistance to Iowa businesses. The corporation shall not be regarded as a state agency, except for purposes of chapters 17A and 69, and a member of the board is not considered a state employee, except for purposes of chapter 669. An individual employed by the corporation is a state employee for purposes of the Iowa public employees' retirement system, state health and dental plans, and other state employee benefit plans and chapter 669. Chapters 8, 18, 19A, and 20 and other provisions of law that relate to requirements or restrictions dealing with state personnel or state funds do not apply to the corporation and any employees of the board or corporation except to the extent provided in this division. Chapters 21 and 22 shall apply to activities of the corporation and to employees of the board or corporation except to the extent provided in this division.

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. Of the seven directors, four shall be persons experienced in business finance and employed at a bank or other financial institution, be a certified public accountant, be an attorney, or be a licensed stockbroker. Each director shall serve at the pleasure of the governor and shall be appointed by the governor, subject to confirmation by the senate pursuant to section 2.32. 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 be reimbursed for necessary expenses incurred in the performance of duties from funds appropriated to the Iowa department of economic development corporation.

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 department of economic development which shall provide all staff and administrative assistance. The corporation shall submit to the department for its approval all plans, programs, initiatives and budgets.

Sec. 18. Section 15E.86, Code 1993, is amended to read as follows:

15E.86 PRESIDENT.

The director of the department of economic development board shall appoint employ a president of the corporation who shall serve at the pleasure of the director board and shall receive the compensation determined by the director board. The president is a state employee. The president shall not be a member of the board of directors. The president is the chief administrative and operational officer of the corporation and shall direct and supervise the administrative affairs and the general management of the corporation subject to the direction and oversight of the director board. 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. 19. Section 15E.87, subsection 1, Code 1993, is amended to read as follows:

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 consistent with the purposes of this division.

Sec. 20. Section 15E.87, subsection 4, Code 1993, is amended by striking the subsection.

Sec. 21. Section 15E.87, subsection 7, Code 1993, is amended to read as follows:

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.

Sec. 22. Section 15E.88, Code 1993, is amended to read as follows:

15E.88 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.
- e. 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.

1. Applications for financial aid shall be received and considered by the corporation pursuant to rules adopted by the board pursuant to chapter 17A.

§ 2. Notwithstanding the requirements of chapter 21, relating to open meetings, and chapter 22, relating to examination of public records, the corporation shall keep as confidential those items on the application for financial aid that the applicant has specifically requested to be held in confidence. These items shall remain confidential until the applicant says otherwise or the corporation determines the items no longer need to be held confidential.

Sec. 23. Section 15E.89, Code Supplement 1993, is amended to read as follows:

15E.89 IOWA PRODUCT DEVELOPMENT SEED CAPITAL CORPORATION FUND.

1. There is created an "Iowa ~~product development seed capital~~ 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 to the corporation, and income derived from other sources from the exercise of powers granted to the corporation under this division shall be paid into the Iowa ~~product development seed capital~~ corporation fund notwithstanding section 12.10. The money in the Iowa ~~product development seed capital~~ corporation fund, except moneys held by a trustee or a depository pursuant to a bond resolution or indenture relating to the issuance of bonds or notes pursuant to section 15E.90 or 15E.91, shall be paid out on the order of the person authorized by the corporation. The money in the Iowa ~~product development seed capital~~ corporation fund shall be used for repayment of notes and bonds issued under this division and 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. There is also created in the Iowa ~~product development corporation fund~~ an Iowa technology assistance program account, which shall provide seed capital for the commercialization of products, or the development of processes or materials through research at Iowa colleges and universities or by private industry.

2. Notwithstanding section 8.33, no part of the Iowa ~~product development corporation~~ this fund shall revert at or after the close of a fiscal year unless otherwise provided by the general assembly, but shall remain in the fund and appropriated for the purposes of this division. The board shall seek to repay the state for appropriations by recommending to the general assembly reversions from income received from successful ventures. The board shall recommend such action at any time when the revenue available to the board is deemed sufficient to continue existing operations.

3. Upon dissolution of the corporation, all remaining moneys in the Iowa seed capital corporation fund, as well as the net proceeds realized by the corporation through the liquidation of the assets of the corporation, shall revert to the state.

Sec. 24. Section 15E.90, Code 1993, is amended to read as follows:

15E.90 PRODUCT DEVELOPMENT SEED CAPITAL CORPORATION FUND NOTES.

The corporation may issue Iowa ~~product development seed capital~~ corporation fund notes, the principal and interest of which shall be payable solely from the Iowa ~~product development seed capital~~ corporation fund established by this division. The fund notes of each issue shall be dated, shall mature at such times and may be made redeemable before maturity, 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 Iowa ~~product development seed capital~~ corporation 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. 25. Section 15E.92, Code Supplement 1993, is amended to read as follows:

15E.92 REPORTING AND FUND SOLVENCY.

The chairperson of the corporation on or before December 31 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 seed capital~~ 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. 26. Section 15E.152, Code Supplement 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 7. Establishment of a seed capital fund which shall be administered by the board to provide seed capital for the commercialization of product, or the development of processes or materials through research at Iowa colleges and universities or by private industry.

**Sec. 27. Section 38.3, Code 1993, is amended to read as follows:*

38.3 NONPROFIT CORPORATION.

*The institute as a corporation has perpetual succession until the existence of the corporation is terminated by law. If the corporation is terminated, the ~~rights and properties~~ of the corporation shall pass to the state. However, debts and other financial obligations shall not succeed to the state.**

Sec. 28. Section 428A.8, unnumbered paragraph 1, Code 1993, is amended to read as follows:

On or before the tenth day of each month the county recorder shall determine and pay to the treasurer of state eighty-two and three-fourths percent of the receipts from the real estate transfer tax collected during the preceding month and the treasurer of state shall deposit ninety-five percent of the receipts in the general fund of the state and transfer five percent of the receipts to the Iowa finance authority for deposit in the housing improvement fund created in section 16.100.

*Item veto; see message at end of the Act

Sec. 29. 1992 Iowa Acts, chapter 1244, section 1, subsection 2, paragraph e, as amended by 1993 Iowa Acts, chapter 180, section 46, is amended to read as follows:

e. Small business investment company capitalization

For transfer to the treasurer of state for the purpose of facilitating the organization and private capitalization of the small business investment company or other entity under sections 15E.169 through 15E.171. If the small business investment company or another entity for which the funds are to be used is not organized within ~~twenty-four~~ thirty-six months of the effective date of this Act, unused funds shall revert to the general fund of the state:

..... \$ 200,000

The Iowa business investment corporation established pursuant to section 15E.169 is directed to develop a proposal, to be presented to the general assembly no later than January 9, 1995, for a venture capital company to facilitate the development of Iowa small businesses. The proposal shall include recommendations relating to the organization, capitalization, consolidation, and coordination of programs or initiatives intended to facilitate investments in seed and venture capital for Iowa small businesses.

Sec. 30. LEASE-PURCHASE — BUDGET SUBMISSION. This section applies to each state agency receiving an appropriation in this Act. The departmental estimate required under section 8.23 for the fiscal period beginning July 1, 1995, which includes the state agency, shall provide an itemized list indicating the nature and amount of each lease-purchase contract payment included in the estimate for proposed contracts which have not been reported by the state agency to the legislative fiscal committee of the legislative council pursuant to section 8.46 prior to the submission of the estimate. The governor shall include in the governor's budget for the fiscal year beginning July 1, 1995, a listing indicating the nature and amount of each lease-purchase contract which was itemized in a departmental estimate in accordance with this section and is included in the governor's budget. A state agency receiving an appropriation in this Act shall not enter into a lease-purchase contract during the fiscal year beginning July 1, 1995, unless the contract was itemized in a departmental estimate and included in the governor's budget in accordance with this section.

Sec. 31. BUDGET UNIT DESIGNATIONS. The department of management shall, prior to January 15, 1995, conform all budget unit designations to the designations used in the Code.

Sec. 32. Chapter 38, Code 1993, is repealed, effective July 1, 1995.

Approved May 13, 1994, except the items which I hereby disapprove and which are designated as Section 27 in its entirety; Section 30 in its entirety; and Section 32 in its entirety. My reasons for vetoing these items are delineated 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

Dear Madam Secretary:

I hereby transmit House File 2415, an Act appropriating funds to the Department of Economic Development, the Iowa Finance Authority, and the Wallace Technology Transfer Foundation, and making statutory changes relating to economic development, and providing effective dates.

House File 2415 is, therefore, approved on this date with the following exception which I hereby disapprove.

I am unable to approve the items designated as Sections 27 and 32, in their entirety. These provisions would repeal the Iowa Peace Institute effective July 1, 1995. The Peace Institute is performing valuable services and should not be terminated.

*Item veto; see message at end of the Act

I am unable to approve the item designated as Section 30, in its entirety. This provision restricts executive branch agencies in their ability to enter into lease-purchase agreements. While the additional review and oversight of lease-purchase contracting by state agencies may be worthwhile, this provision does not allow agencies the flexibility necessary to respond to situations which cannot be planned, e.g. emergencies and new federal requirements.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2415 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, *Governor*

CHAPTER 1202

ANNUAL MEETING OF ADJUTANTS GENERAL ASSOCIATION

H.J.R. 2007

A JOINT RESOLUTION authorizing the temporary use and consumption of alcoholic beverages in the State Capitol in conjunction with the 1994 annual meeting of the Adjutants General Association of the United States.

WHEREAS, for the first time in the 78-year history of the Adjutants General Association of the United States, the state of Iowa has the honor of having been selected to host the 1994 annual meeting of the Adjutants General Association of the United States in Des Moines from May 22-25, 1994; and

WHEREAS, this prestigious national meeting offers an opportunity for the nation's key military leaders of the national guard of the several states, territories, and the District of Columbia to address the major issues facing state military departments in the 1990s and beyond; and

WHEREAS, social events are held in conjunction with the business sessions of this annual meeting, and Iowa's unique state capitol is an optimal location for one of the social events for this national meeting; and

WHEREAS, wine and other alcoholic beverages with an alcohol content of more than five percent by weight are customarily served as an accompaniment to the food and entertainment provided at these social events; and

WHEREAS, under 401 IAC 1.6(6), which prohibits the consumption of alcoholic beverages on the capitol complex, it is not possible to serve wine and other alcoholic beverages at social events in the State Capitol; **NOW THEREFORE,**

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

Section 1. Notwithstanding 401 IAC 1.6(6) and any contrary provisions of chapter 123, prohibiting the use and consumption of alcoholic beverages in public places, alcoholic beverages may be used and consumed within the State Capitol at a social event, to be held between May 22, 1994, and May 25, 1994, hosted and organized in whole or in part by the Adjutants General Association of the United States if the person providing the food and alcoholic beverages at the social event possesses an appropriate valid liquor control license. For the purpose of this section and section 123.95, the State Capitol is a private place.

Approved March 22, 1994