

CHAPTER 195**LINKED DEPOSIT INVESTMENT PROGRAMS***H.F. 613*

AN ACT relating to linked deposit investment programs.

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

Section 1. Section 12.32, subsection 1, Code 1997, is amended to read as follows:

1. "Eligible borrower" means any person who is in the business or is entering the business of producing, processing, or marketing horticultural crops or nontraditional crops in this state or any person in this state who is qualified to participate in one of the programs in this division. "Eligible borrower" does not include a person who has been determined to be delinquent in making child support payments or any other payments due the state.

Sec. 2. Section 12.32, subsection 3, Code 1997, is amended to read as follows:

3. "Linked investment" means a certificate of deposit placed pursuant to this division by the treasurer of state with an eligible lending institution, at an interest rate not more than three percent below current market ~~rates~~ rate on the condition that the institution agrees to lend the value of the deposit, according to the investment agreement provided in section 12.35, to an eligible borrower at a rate not to exceed four percent above the rate paid on the certificate of deposit. The treasurer of state shall determine and make available the current market rate which shall be used each month.

Sec. 3. Section 12.33, Code 1997, is amended to read as follows:

12.33 LEGISLATIVE FINDINGS AND INTENT—PURPOSE PUBLIC POLICY.

1. ~~The general assembly finds the following:~~

~~a. That many horticultural operations throughout the state are experiencing economic stagnation or decline.~~

~~b. That high interest rates have caused potentially viable operations to cease or not expand in the area of horticultural or nontraditional crop production, processing, or marketing.~~

2. ~~The~~ It is the public policy of this state that a linked investments for tomorrow program provided for in this division is intended be established to provide statewide availability of lower cost funds for lending purposes that will inject needed capital into the business of, and stimulate existing or encourage new businesses in, the area of producing, processing, or marketing horticultural or nontraditional crops.

3. ~~It is the public policy of the state through the linked investments for tomorrow program to create an availability of lower cost funds to inject needed capital into the business of producing, processing, or marketing horticultural crops or nontraditional crops.~~

Sec. 4. Section 12.34, subsection 1, Code 1997, is amended to read as follows:

1. The treasurer of state may invest up to the lesser of sixty-eight million dollars or ten percent of the balance of the state pooled money fund in certificates of deposit in eligible lending institutions pursuant to this division.

Sec. 5. Section 12.40, subsection 3, Code 1997, is amended to read as follows:

3. In order to qualify as an eligible borrower, the rural small business must be located in a city with a population of five thousand or less. A rural small business located in a city located in a county with a population in excess of three hundred thousand, if the city is contiguous to another city in the county and that other city is contiguous to the largest city in that county, shall be ineligible to qualify as a borrower. In order to qualify under this program, all owners of the business or borrowers must not have a combined net worth exceeding five hundred thousand dollars as defined in rules adopted by the treasurer of state pursuant to chapter 17A and the rural small business must meet all of the following criteria:

a. Be a for-profit business.

- b. Have annual sales of two million dollars or less.
- c. Not be operated out of the home of any person, unless the person is eligible for a deduction on federal income taxes pursuant to 26 U.S.C. § 280A.
- d. Not involve real estate investments, rental of real estate, leasing of real estate, or real estate speculation.
- e. Liquor, beer, and wine sales must not exceed twenty percent of annual sales for establishments holding a class "C" liquor license issued pursuant to section 123.30.

Sec. 6. Section 12.40, subsection 4, Code 1997, is amended to read as follows:

4. In order to qualify as an eligible borrower, the transfer of the rural small business must be by purchase, lease-purchase, or contract of sale. The purchase must be for a portion of the business which is essential to its continued viability, including real estate where the business is located, fixtures attached to the real estate, equipment, supplies, and machinery relied upon by the business, and inventory for sale by the business.

Sec. 7. Section 12.40, subsection 7, Code 1997, is amended to read as follows:

7. ~~The~~ During the lifetime of this loan program, the maximum loan amount of assistance that an eligible borrower or a business may receive under through this loan program shall be fifty thousand dollars.

Sec. 8. Section 12.41, subsection 1, Code 1997, is amended to read as follows:

1. In order to qualify as an eligible borrower, the loan application ~~shall~~ must be for the purchase or lease of land, machinery, equipment, or the purchase of other inputs used in the business of producing, processing, or marketing horticultural or nontraditional crops as defined in rules adopted by the treasurer.

Sec. 9. Section 12.43, Code 1997, is amended to read as follows:

12.43 ~~TARGETED FOCUSED~~ SMALL BUSINESS LINKED INVESTMENTS PROGRAM CREATED — DEFINITIONS.

The treasurer of state shall adopt rules to implement a ~~targeted~~ focused small business linked investments program to increase the availability of lower cost funds to inject needed capital into small businesses owned and operated by women or minorities, which is the public policy of the state. The rules shall be in accordance with the following:

- ~~1. "Targeted small business" means a business as defined in section 15.102, subsection 5.~~
- ~~2. A linked investment shall only be approved in connection with a loan application for a targeted small business which has been certified pursuant to section 10A.104, subsection 8.~~

1. As used in this section:

a. "Focused small business" means a new small business which is fifty-one percent or more owned, operated, and actively managed by one or more women, minority persons, or persons with a disability, provided the business meets all the requirements of subsection 5.

b. "Disability" is defined as provided in section 15.102, subsection 5.

c. "Major life activity" is defined as provided in section 15.102, subsection 5.

d. "Minority person" is defined as provided in section 15.102, subsection 5.

~~3.~~ 2. Loan applications for a ~~targeted~~ focused small business shall be for the purchase of land, machinery, equipment, or licenses, or patent, trademark, or copyright fees and expenses.

~~4.~~ 3. ~~The~~ During the lifetime of this loan program, the maximum size of a targeted small business loan is two ~~amount of assistance that an eligible borrower or business may borrow or receive through this loan program shall be one~~ hundred fifty thousand dollars per borrower. An eligible borrower or business under this program shall be limited to one loan from one financial institution.

~~5.~~ 4. A preference shall be given to those persons who are less able than other persons to secure funds for a ~~targeted~~ focused small business without participation in the ~~targeted~~ focused small business linked investment program.

5. In order to qualify under this program, all owners of the business or borrowers must not

have a combined net worth exceeding five hundred thousand dollars as defined in rules adopted by the treasurer of state pursuant to chapter 17A and the focused small business must meet all of the following criteria:

- a. Be a for-profit business.
- b. Have annual sales of two million dollars or less.
- c. Not be operated out of the home of any person, unless the person is eligible for a deduction on federal income taxes pursuant to 26 U.S.C. § 280A.
- d. Not involve real estate investments, rental of real estate, leasing of real estate, or real estate speculation.
- e. Liquor, beer, and wine sales must not exceed twenty percent of annual sales for establishments holding a class "C" liquor license issued pursuant to section 123.30.
6. Loan proceeds shall not be used to refinance existing debt, including credit card debt. However, proceeds may be used to refinance a short-term bridge loan made in anticipation of the treasurer of state's approval of the linked investment loan package.
7. Eligible lending institutions shall verify the borrower is eligible to participate under the provisions of this section pursuant to rules adopted by the treasurer of state pursuant to chapter 17A.

Sec. 10. This Act shall have no effect, pursuant to section 4.13, on loans in effect on the effective date of this Act.

Sec. 11. In addition to the assistance already available through the department of economic development's targeted small business program, the department of economic development shall develop a proposal for "instant buy down" assistance to targeted small businesses. The department of economic development shall provide a recommended proposal for this type of assistance and an estimate of necessary additional funding for such assistance to the chairpersons of the economic development appropriation subcommittees of the general assembly by December 15, 1997.

Approved May 29, 1997

CHAPTER 196

WRONGFUL IMPRISONMENT

H.F. 674

AN ACT providing a cause of action against the state for wrongful imprisonment.

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

Section 1. NEW SECTION. 663A.1 WRONGFUL IMPRISONMENT — CAUSE OF ACTION.

1. As used in this section, a "wrongfully imprisoned person" means an individual who meets all of the following criteria:

- a. The individual was charged, by indictment or information, with the commission of a public offense classified as an aggravated misdemeanor or felony.
- b. The individual did not plead guilty to the public offense charged, or to any lesser included offense, but was convicted by the court or by a jury of an offense classified as an aggravated misdemeanor or felony.
- c. The individual was sentenced to incarceration for a term of imprisonment not to exceed two years if the offense was an aggravated misdemeanor or to an indeterminate term of