

JAN 20 2005  
ECONOMIC GROWTH

HOUSE FILE 97  
BY HOGG and DANDEKAR

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

**A BILL FOR**

1 An Act creating a small business development program and fund.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 97

1 Section 1. NEW SECTION. 15.301 SMALL BUSINESS  
2 DEVELOPMENT PROGRAM -- FUND.

3 1. The department shall establish and administer a small  
4 business development program for purposes of providing  
5 financial assistance for small businesses. Financial  
6 assistance under the program shall be provided from the small  
7 business development fund created in subsection 6.

8 2. A business is eligible to apply for financial  
9 assistance under the program if the business meets all of the  
10 following criteria at the time of application:

11 a. The business has fifty or fewer employees.

12 b. The business is located in Iowa.

13 c. The business is owned, operated, and actively managed  
14 by a resident of Iowa.

15 3. If an eligible business is a start-up business, all of  
16 the following criteria must be met prior to applying for  
17 financial assistance:

18 a. The eligible business must have a business plan and  
19 must have received assistance in the development stage from a  
20 small business development center or from a qualified public  
21 or nonprofit small business consultant as defined by the  
22 department.

23 b. The city or county where the business is to be located  
24 must show support of the business and the location of the  
25 business through an ordinance or resolution.

26 c. The eligible business must receive all required permits  
27 at the proposed location for the business.

28 4. Upon approval of financial assistance under the program  
29 by the department, the eligible business shall enter into an  
30 agreement with the department which shall include, but not be  
31 limited to, all of the following provisions:

32 a. Identification of the eligibility requirements under  
33 the program and a statement that the requirements have been  
34 met.

35 b. If the eligible business sells or moves any facility

1 within the state prior to receiving financial assistance under  
2 the program, the department may reduce or eliminate a portion  
3 or all of the financial assistance.

4 c. If the eligible business sells or moves any facility  
5 within the state within five years of receiving financial  
6 assistance under the program, the eligible business may be  
7 subject to repayment of a portion or all of the financial  
8 assistance received.

9 5. An eligible business shall not receive more than one  
10 award of financial assistance under the program every five  
11 years. An eligible business that receives financial  
12 assistance under the program shall not receive any other  
13 financial assistance from the department during the same  
14 fiscal year.

15 6. a. A small business development fund is created in the  
16 state treasury under the control of the department and  
17 consisting of any moneys appropriated to the fund by the  
18 general assembly and any other moneys available and obtained  
19 or accepted by the department for placement in the fund.  
20 Payments of interest, repayments of moneys loaned pursuant to  
21 this section, and recaptures of loans shall be deposited in  
22 the fund. The fund shall be used to provide financial  
23 assistance under the program in the form of grants, low-  
24 interest loans, and forgivable loans. Moneys in the fund are  
25 not subject to section 8.33. Notwithstanding section 12C.7,  
26 interest or earnings on moneys in the fund shall be credited  
27 to the fund.

28 b. Financial assistance in the form of a grant or a  
29 forgivable loan shall not exceed ten thousand dollars.  
30 Financial assistance in the form of a low-interest loan shall  
31 not exceed twenty-five thousand dollars.

32 7. The department shall adopt rules pursuant to chapter  
33 17A as necessary to administer the program.

34 EXPLANATION

35 This bill creates a small business development program and

1 fund.

2 The bill provides that the department of economic  
3 development shall establish and administer a small business  
4 development program for purposes of providing financial  
5 assistance for small businesses. The bill provides that a  
6 business is eligible to apply for financial assistance under  
7 the program if the business, at the time of application, has  
8 50 or fewer employees, is located in Iowa, and is owned,  
9 operated, and actively managed by a resident of Iowa.

10 The bill provides that, if an eligible business is a start-  
11 up business, the eligible business must have a business plan  
12 and must have received assistance in the development stage  
13 from a small business development center or from a qualified  
14 public or nonprofit small business consultant as defined by  
15 the department, the city or county where the business is to be  
16 located must show approval of the business and the location  
17 through ordinance or resolution, and the eligible business  
18 must receive all required permits at the proposed location for  
19 the business.

20 The bill provides that, upon approval of financial  
21 assistance under the program by the department, the eligible  
22 business shall enter into an agreement with the department  
23 which shall include, but not be limited to, provisions  
24 relating to eligibility requirements under the program and  
25 reducing, eliminating, or requiring the repayment of financial  
26 assistance received under the program if the eligible business  
27 sells or moves any facility within the state. The bill  
28 provides that an eligible business shall not receive more than  
29 one award of financial assistance under the program every five  
30 years. The bill provides that an eligible business that  
31 receives financial assistance under the program shall not  
32 receive any other financial assistance from the department  
33 during the same fiscal year.

34 The bill creates a small business development fund in the  
35 state treasury under the control of the department and

1 consisting of any moneys appropriated by the general assembly  
2 and any other moneys available and obtained or accepted by the  
3 department for placement in the fund. The bill provides that  
4 the fund shall be used to provide financial assistance under  
5 the program in the form of grants, low-interest loans, and  
6 forgivable loans. The bill provides that financial assistance  
7 in the form of a grant or forgivable loan shall not exceed  
8 \$10,000 and financial assistance in the form of a low-interest  
9 loan shall not exceed \$25,000.

10 The bill requires the department to adopt rules as  
11 necessary to administer the program.

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