

Hoffman, Chair

Horbach

Dotzler

HSB 529

ECONOMIC DEVELOPMENT

SENATE/HOUSE FILE 02229

BY (PROPOSED DEPARTMENT OF
ECONOMIC DEVELOPMENT BILL)

Passed Senate, Date _____

Passed House, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to use of moneys in the strategic investment
2 fund.

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

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1 Section 1. Section 15.312, Code 2001, is amended to read
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3 15.312 PURPOSE.

4 The purpose of this part shall be to provide a mechanism
5 for the funding those of programs listed in section 15.313,
6 subsection 2, in order to more efficiently meet the needs
7 identified within those individual programs which meet the
8 descriptions provided in section 15.313, subsection 2.

9 Sec. 2. Section 15.313, subsections 2, 3, and 4, Code
10 2001, are amended to read as follows:

11 2. The assets of the fund shall be used by the department
12 for the following programs and purposes to assist in
13 relocation or expansion projects for existing businesses as
14 well as entrepreneurial start-up and expansion projects.
15 Moneys in the fund shall be used for projects designed to meet
16 any of the following purposes:

17 a. The community economic betterment program created in
18 sections 15.315 through 15.320 To assist communities in the
19 state by providing financial assistance for small business gap
20 financing, new business opportunities, and new product and
21 entrepreneurial development.

22 b. The business development finance corporation created in
23 sections 15E.131 through 15E.149 To provide financial and
24 technical assistance to early-stage industry companies and
25 entrepreneurs.

26 c. The self-employment loan program created in section
27 15.241 To provide financial and technical assistance to
28 targeted small businesses as defined in section 15.102.

29 ~~d. The targeted small business financial assistance~~
30 ~~program created in section 15.247.~~

31 ~~e. d.~~ To provide comprehensive management assistance for
32 applicants or recipients of assistance from programs supported
33 by the fund.

34 ~~f. e.~~ If To access federal funds are available under a any
35 federal microloan demonstration program, ~~a portion of the~~

1 moneys-in-the-strategic-investment-fund-may-be-utilized-to
2 access-these-federal-funds-to-expand-the-state's-small
3 business-financial-assistance-programs-including-the-self-
4 employment-loan-program-and-the-targeted-small-business
5 financial-assistance-program.

6 g. f. The-entrepreneurs-with-disabilities-program, which
7 provides-technical-and-financial-assistance-to-help-persons
8 with-disabilities-become-self-sufficient-and-create-additional
9 employment-opportunities-by-establishing-or-expanding-small
10 business-ventures To provide technical and financial
11 assistance to help persons with disabilities become self-
12 sufficient by establishing or expanding business ventures.

13 h.---The-job-opportunities-for-persons-with-disabilities
14 program, which-provides-service-and-technical-assistance-to
15 rehabilitation-organizations-or-agencies-that-create, expand,
16 or-spin-off-business-ventures-for-persons-with-disabilities.

17 i.---The-value-added-agricultural-products-and-processes
18 financial-assistance-fund-created-in-section-15E-112.

19 3.---The-assets-of-the-fund-may-be-used-for-purposes-of
20 administering-and-operating-the-entrepreneurial-ventures
21 assistance-program-established-in-section-15.339.

22 g. To assist businesses in retooling or upgrading
23 production equipment to meet contemporary technology
24 standards.

25 4. 3. The-director-shall-submit-annually-at-a-regular-or
26 special-meeting-preceding-the-beginning-of-the-fiscal-year,
27 for-approval-by-the-economic-development-board, the-proposed
28 allocation-of-funds-from-the-strategic-investment-fund-to-be
29 made-for-that-fiscal-year-to-the-community-economic-betterment
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31 self-employment-loan-program, and-the-targeted-small-business
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33 assistance.---If-funds-are-available-under-a-federal-microloan
34 demonstration-program, the-director-may-recommend-an
35 allocation-for-that-purpose.---The-plans-may-provide-for

1 ~~increased-or-decreased-allocations-if-the-demand-in-a-program~~
2 ~~indicates-that-the-need-exceeds-the-allocation-for-that~~
3 ~~program.~~ At the beginning of each fiscal year, the board
4 shall establish goals for the strategic investment fund
5 relating to the intended strategic focus for the fiscal year.
6 The director shall report on a monthly basis to the board on
7 the status of the funds ~~and may present proposed revisions for~~
8 ~~approval by the board in January and April of each year~~ fund.
9 Unobligated and unencumbered moneys remaining in the strategic
10 investment fund or any of its accounts on June 30 of each year
11 shall be considered part of the fund for purposes of the next
12 year's allocation.

13 EXPLANATION

14 This bill amends the purposes for which moneys in the
15 strategic investment fund may be used by the department of
16 economic development.

17 Currently, the Code lists a number of specific programs for
18 which moneys in the strategic investment fund may be used.
19 The bill provides that moneys in the fund shall be used to
20 assist in relocation or expansion projects for existing
21 businesses as well as entrepreneurial start-up and expansion
22 projects. The bill provides that moneys in the fund shall be
23 used for projects designed to meet any of the following
24 purposes:

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26 financial assistance for small business gap financing, new
27 business opportunities, and new product and entrepreneurial
28 development.
- 29 2. To provide financial and technical assistance to early-
30 stage industry companies and entrepreneurs.
- 31 3. To provide financial and technical assistance to
32 targeted small businesses as defined in Code section 15.102.
- 33 4. To provide comprehensive management assistance for
34 applicants or recipients of assistance from the fund.
- 35 5. To access federal funds available under any federal

1 microloan demonstration program.

2 6. To provide technical and financial assistance to help
3 persons with disabilities become self-sufficient by
4 establishing or expanding business ventures.

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8 The bill eliminates a requirement that the director of the
9 department of economic development annually submit a proposed
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HSB 529

TO: The Iowa General Assembly
FROM: Georgia Soliday, IDED Legislative Liaison
DATE: November 30, 2001
RE: Update of the Strategic Investment Fund

In a time when resources are limited and the customers need for flexibility is increasing, the Department is proposing a change that will make the strategic investment fund a more flexible pool of funds available to help stimulate growth, capital investment, and high-wage job opportunities in our state.

This bill will make changes to the strategic investment fund that will make the fund market driven instead of program driven. The changes being proposed will take out specific allocations to specific programs and instead defines the type of projects eligible for assistance from the fund. These changes will enable the department to make investments in different types of projects that further growth in Iowa.

The IDED board will be responsible for annually establishing strategic investment goals for the fund.

2/13/02 Small Business
5 ~~2/15~~ 3/5/02 Do Pass

FEB 6 2002
Place On Calendar

HOUSE FILE 2229
BY COMMITTEE ON
ECONOMIC DEVELOPMENT

(SUCCESSOR TO HSB 529)

Passed House, Date ^(p. 328) 2/14/02 Passed Senate, Date ^(p. 661) 3-18-02
Vote: Ayes 96 Nays 0 Vote: Ayes 44 Nays 0
Approved March 29, 2002

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HF 2229

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4 establishing or expanding business ventures.

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Legislative Fiscal Bureau

Fiscal Note

Amendment H-8044 to HF 2229 - Strategic Investment Fund (LSB 5343 HV)
Analyst: Dwayne Ferguson (Phone: (515) 281-6561) (Dwayne.Ferguson@legis.state.ia.us)
Fiscal Note Version - Amendment Only

Description

Amendment H-8044 requires the Department of Economic Development (DED) to establish a junior entrepreneur training assistance program to assist private businesses and organizations to cooperate with a local school district to educate students about starting and operating a business. The Department may provide matching grants to the business or organization of one dollar for every two private matching dollars.

Assumptions

1. Funding for the DED grants will come from the Department's Strategic Investment Fund.
2. The DED will assign one staff person to develop and operate the program.
3. The local schools will utilize existing staff and resources to work with the business in developing the program.
4. The Department of Revenue and Finance considers funding from private businesses and organizations for this purpose to be charitable contributions under current law.

Fiscal Impact

Amendment H-8044 to House File 2229 will have no impact on the General Fund from implementing a junior entrepreneur training assistance program. The increase in funding for this program will be offset by a corresponding reduction in funding for other programs within the Strategic Investment Fund. The DED will experience an annual opportunity cost of approximately \$70,000 to reassign a current staff person to administer the program and provide program supplies. There is no tax implication since the businesses' matching funds can be deducted as charitable contributions under current law.

Sources

Department of Economic Development
Department of Revenue and Finance

/s/ Dennis C Prouty

February 13, 2002

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

HOUSE FILE 2229

H-8044

1 Amend House File 2229 as follows:

2 1. Page 2, by inserting after line 18 the
3 following:

4 "____. To provide matching grants under the junior
5 entrepreneur training program as provided in section
6 15E.43."

7 2. Page 3, by inserting after line 12 the
8 following:

9 "Sec. ____ . NEW SECTION. 15E.41 SHORT TITLE.

10 This division shall be known and may be cited as
11 the "Junior Entrepreneur Training Act".

12 Sec. ____ . NEW SECTION. 15E.42 JUNIOR
13 ENTREPRENEUR TRAINING ASSISTANCE PROGRAM.

14 1. The department of economic development shall
15 establish a junior entrepreneur training assistance
16 program to encourage and assist private businesses and
17 organizations to establish junior entrepreneur
18 training programs that would operate in conjunction or
19 cooperation with a local school district.

20 2. a. A junior entrepreneur training program
21 established by a private business or organization
22 shall be designed to do all of the following:

23 (1) Encourage interest in starting or operating a
24 business.

25 (2) Educate participants regarding the potential
26 advantages and rewards of self-employment.

27 (3) Engage business professionals and successful
28 entrepreneurs to introduce participants to the basics
29 of business ownership and management.

30 (4) Assist past participants in the program who
31 start or purchase a business to develop mentoring
32 relationships with successful local businesspersons.

33 b. The department shall give priority to a junior
34 entrepreneur training program that concentrates its
35 efforts on attracting participants who lack
36 significant exposure to entrepreneurship role models
37 including, but not limited to, persons from
38 economically disadvantaged backgrounds or populations
39 traditionally underrepresented in the local business
40 community.

41 3. For purposes of an eligible taxpayer claiming
42 an income tax deduction pursuant to sections 422.7 and
43 422.35, the department shall, upon application by the
44 junior entrepreneur training program, certify any
45 junior entrepreneur training program that meets the
46 criteria in subsection 2, paragraph "b".

47 Sec. ____ . NEW SECTION. 15E.43 FUNDING.

48 The department may provide a matching grant to a
49 private business or organization that establishes a
50 junior entrepreneur training program. A matching

H-8044

H-8044

Page 2

1 grant shall provide one dollar for every two dollars
2 in private matching moneys.

3 Sec. ____ . NEW SECTION. 15E.44 RULES.

4 The department shall adopt rules pursuant to
5 chapter 17A necessary for the administration of this
6 division.

7 Sec. ____ . Section 422.7, Code Supplement 2001, is
8 amended by adding the following new subsection:

9 NEW SUBSECTION. 38. Subtract the amount of any
10 contribution made for the establishment or operation
11 of a junior entrepreneur training program certified by
12 the department of economic development pursuant to
13 section 15E.42.

14 Sec. ____ . Section 422.35, Code Supplement 2001, is
15 amended by adding the following new subsection:

16 NEW SUBSECTION. 19. Subtract the amount of any
17 contribution made for the establishment or operation
18 of a junior entrepreneur training program certified by
19 the department of economic development pursuant to
20 section 15E.42."

21 3. Title page, line 2, by inserting after the
22 word "fund" the following: ", creating a junior
23 entrepreneur training assistance program, and
24 providing a tax deduction".

By FORD of Polk
HATCH of Polk

H-8044 FILED FEBRUARY 12, 2002

w/D 2/13/02
(p. 328)

HOUSE FILE 2229

AN ACT

RELATING TO USE OF MONEYS IN THE STRATEGIC INVESTMENT FUND.

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

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Sec. 2. Section 15.313, subsections 2, 3, and 4, Code 2001, are amended to read as follows:

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a. ~~The community economic betterment program created in sections 15.315 through 15.320~~ To assist communities in the state by providing financial assistance for small business gap financing, new business opportunities, and new product and entrepreneurial development.

b. ~~The business development finance corporation created in sections 15B.131 through 15B.149~~ To provide financial and technical assistance to early-stage industry companies and entrepreneurs.

c. ~~The self-employment loan program created in section 15.241~~ To provide financial and technical assistance to targeted small businesses as defined in section 15.102.

d. ~~The targeted small business financial assistance program created in section 15.247.~~

e. ~~d.~~ To provide comprehensive management assistance for applicants or recipients of assistance from ~~programs supported~~ by the fund.

f. ~~e.~~ If to access federal funds are available under a any federal microloan demonstration program, ~~a portion of the moneys in the strategic investment fund may be utilized to access those federal funds to expand the state's small business financial assistance programs including the self-employment loan program and the targeted small business financial assistance program.~~

g. ~~f.~~ The ~~entrepreneurs with disabilities program~~, which provides technical and financial assistance to help persons with disabilities become self-sufficient and create additional employment opportunities by establishing or expanding small business ventures To provide technical and financial

assistance to help persons with disabilities become self-sufficient by establishing or expanding business ventures.

~~h. The job opportunities for persons with disabilities program, which provides service and technical assistance to rehabilitation organizations or agencies that create, expand or spin-off business ventures for persons with disabilities.~~

~~i. The value-added agricultural products and processes financial assistance fund created in section 15B.112.~~

~~3. The assets of the fund may be used for purposes of administering and operating the entrepreneurial ventures assistance program established in section 15.339.~~

g. To assist businesses in retooling or upgrading production equipment to meet contemporary technology standards.

~~4. 3. The director shall submit annually at a regular or special meeting preceding the beginning of the fiscal year for approval by the economic development board, the proposed allocation of funds from the strategic investment fund to be made for that fiscal year to the community economic betterment program, the business development finance corporation, the self-employment loan program, and the targeted small business financial assistance program and for comprehensive management assistance. If funds are available under a federal microloan demonstration program, the director may recommend an allocation for that purpose. The plans may provide for increased or decreased allocations if the demand in a program indicates that the need exceeds the allocation for that program. At the beginning of each fiscal year, the board shall establish goals for the strategic investment fund relating to the intended strategic focus for the fiscal year. The director shall report on a monthly basis to the board on the status of the funds and may present proposed revisions for approval by the board in January and April of each year fund. Unobligated and unencumbered moneys remaining in the strategic investment fund or any of its accounts on June 30 of each year~~

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BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2229, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved March 29, 2002

THOMAS J. VILSACK
Governor