

ECONOMIC GROWTH

IOWA HOUSE OF REPRESENTATIVES

END OF SESSION, 2010

“SAVE OUR SMALL BUSINESS FUND” CREATED

After meeting and discussing concerns with small businesses, Legislators have developed a small business loan fund, giving businesses access to capital. Under Senate File 2389, the \$5 million “Save Our Small (SOS) Business” Fund would provide loans at 3.9%. Administered through the Department of Economic Development (DED) and the Iowa Foundation for Microenterprise and Community Vitality under Iowa State University, the loans would be for Iowa businesses with 35 or fewer employees. The loans can be from \$2,500 to \$50,000. A business plan must be approved by a Small Business Development Center or a non-profit agency dealing with business technical assistance. Money for the fund would be available starting August 1, 2010, through March 31, 2011 (8 months), or when the available money runs out. The SOS Business fund could not be used for payroll obligations. A company with environmental or worker safety law violations could not qualify. The program is designed to be a rapid response for a short period of time to assist small businesses.

(SF 2389, Sent to the Governor, the fund takes effect upon enactment)

SITE DEVELOPMENT CERTIFICATION AND INTERNET SITES FOR BUSINESS

Senate File 2389 establishes a site development certification program to keep Iowa competitive with surrounding states. It allows DED to hire a 3rd party developer for assessments, including environmental evaluations, property and wetland delineation, and historical evaluations. A fee can be charged for this initial assessment, paid by the local government requesting the assessment. This will help identify what action is needed so the sites can be used for developments. In addition, Iowa has several programs that provide technical assistance to small businesses, but they all have their separate websites for information. The bill would link these sites under one location using DED’s website so assistance could be found easier. (SF 2389, Sent to the Governor, Effective July 1, 2010)

IOWA INNOVATION COUNCIL

House File 2076 combines three separate advisory councils for targeted industries into one Iowa Innovation Council (IIC). The council would review economic development programs, develop collaborate relationships, and coordinate state government applications for federal funds for targeted industries. Additional items would be reported on by the Commercialization Division including this new council. The IIC will help develop ways to enhance innovation and entrepreneurship in science, manufacturing and technology driven businesses. They will also help in mentoring and management talent recruitment.

(HF 2076, Signed by Governor, Effective July 1, 2010)

ENTERPRISE ZONE APPLICATION EXTENSION

House File 2370 extends the deadline for communities to apply for an enterprise zone. The cap under the program is eliminated since the program would fall under the tax credit cap for economic development programs created last year, and modified this year in Senate File 2380.

(House File 2370, sent to Governor, Effective July 1, 2010)

**PURCHASES AT A
REGIONAL
BLOOD CENTER**

Senate File 2387 provides a sales tax exemption on blood bags and equipment at a regional blood centers, similar to the exemption the American Red Cross currently has. Iowa is one of seven states that tax these items at blood centers, and there is an opportunity for a regionalized Midwest testing laboratory to be located in Iowa. However, Iowa would be competing for the high tech laboratory jobs with states that do not tax bags and equipment. The exemption would be allowed if the regional blood center is registered with the Food and Drug Administration, the center performs donor testing, and is located in Iowa before January 1, 2011. (SF 2387, Sent to Governor, Effective July 1, 2010)

**SMALL BUSINESS
CONTRACTS THROUGH
THE DEPARTMENT OF
TRANSPORTATION**

Court decisions in the 1990's made the set aside program for minority business contractors under the Department of Transportation (DOT) unusable. House File 2460 requires an annual assessment by the DOT of the impact of federal and nonfederal contracts awarded on socially and economically disadvantaged individuals, women, and persons with disabilities. Recommendations would be submitted to the Governor and General Assembly. The bill would set aside 10% of highway contracts for bidding by prequalified small businesses, as defined in the bill.

(HF 2460, Signed by Governor, Effective July 1, 2010)

**SEVERANCE AGREEMENT
PETITION BETWEEN TWO
CITIES**

House File 2376 creates a process in which a property owner can petition for severance from one city and annexation by another. Both cities must approve the change, with the final decision by the city development board. The agreement may include the equitable distribution of property taxes between the two cities. This bill provides landowners and cities with a clear process for severance in certain cases. The agreement would have conditions, including that an island would not be created.

(HF 2376, Signed by Governor, Effective July 1, 2010)

**DISABLED VETERANS'
BUSINESSES**

Under the list of primary duties of the Department of Economic Development, the department is to encourage and assist small businesses. House File 2449 would add small businesses owned and operated by disabled veterans.

(HF 2449, Signed by Governor, Effective July 1, 2010)

OTHER BILLS OF INTEREST

- HF 2195 Art Projects at State Buildings. (Signed by Governor, Effective July 1, 2010)
- SF 2076 Economic Development Programs and Board Term Changes (Signed by Governor, Effective Upon Enactment)
- HF 2488 Appointment of Young Adults to Boards and Commissions (Signed by Governor, Effective July 1, 2010)