



Governor's Empower Rural Iowa Initiative  
Investing in Rural Iowa Task Force Meeting Agenda  
Friday, November 6, 2020  
10:00 – 1:00

**1. Roll:**

Present:	Lt. Governor Gregg	Sandy Ehrig	Lexi Marek (Sen. Naig)
	David Barker	Joanie Bond	Hunter Callanan
	Chuck Morris	Molly Varangkounh	Gene Gettys
	Sarah Thompson	Mark Reinig	Nick Sorensen
	Brian Lenzmeier	Tim Ostroski	Jim Thompson
	Jordan DeGree	Nathan Katzer	Kimberly Tiefenthaler
	Troy Weary	Wayne Pantini	

**2. Approval of Minutes:**

Minutes from the October 14, 2020 meeting had been distributed for review. Nick Sorensen moved to approve, and Brian Lenzmeier seconded. Passed unanimously.

**3. Welcoming Remarks from Lt. Governor Gregg:**

Great discussion at last meeting. Already doing some work on succession planning. Good presentations and personal stories from roundtable. Looking forward to today where we will be talking about having an online business presence and discussing draft recommendations.

**4. Remarks by Co-Chair Sandy Ehrig:**

Empower Rural Iowa partnership with Iowa Rural Development Council has been a great opportunity. We are working with Liesl to develop a platform similar to IASourceLink to connect people to community development resources so look for updates. The next IRDC meeting is December 16, which will be a joint IRDC and ERI meeting.

## 5. Online Business Practices

### ShopIowa.org- Cherie Edilson:

Cherie is co-founder of Member Marketplace, a platform built for brick and mortar retailers to provide a platform for online sales. The goal is to make it easy for both businesses and the public to shop Iowa products. Partnered with IEDA to create website as part of small business relief as well as increase online shopping in the future to keep businesses thriving. Consumers can buy any number of products with one check out. Each business has their own product page on the platform and can link from their own website to Shop Iowa. Customers can browse categories, location, etc. and can also learn about the business. Currently have about 300 businesses listing products. Each business has own login to manage products, and her team provides support to help take the fear out of selling products online. SBDC has been doing a road show to highlight the program. IEDA has funded so no cost through next summer.

### Questions:

Lt. Governor: Are there barriers or gaps the task force can help with? Cherie: Businesses need knowledge on how to sell online, and the SBDC's have helped educate. Time availability is a factor – many are afraid because they are overwhelmed so having this assistance has been helpful. Any mention of site and further marketing as a resource would be helpful.

Lt. Governor: What are current efforts to market? Jim: IEDA marketing team has been working to get word out.

Chuck: Collection of sales tax used to be an issue, is it still? Lt. Governor: Since passing the 2018 tax bill he thinks we are capturing most now.

Lt. Governor: Was this in the works before the pandemic? Jim: This was Dr. Durham's direct response for relief. Was pleased we were able to use an Iowa firm to contract with.

Tim: Do businesses start and then drop off? Cherie: Not really, some jump in and some just register but don't have any products listed yet. Several businesses are adding and deleting products regularly. Tim: Is there a way people can assist you in helping to follow up with local businesses that haven't followed through? Cherie: Yes, and she can provide a listing of businesses. Would also like to have representation from all 99 counties. Tim: Do you have a flyer or something that can be shared? Cherie: Yes, Liesl will forward.

### Google – Erica Swanson & Dan Harbeke:

Erica is Head of Community Engagement with Google, and Dan is Head of Public Affairs for Iowa.

Erica: The Council Bluffs data center is the company's largest and employs over 450, so drives a lot of economic impact for the state. Specific to small businesses, they offer a range of products to businesses with most being free. How to get found on Google maps provides address, website, and other info. Free data analytics to understand consumer behavior. Helping businesses understand and assess exporting. It's much easier now to export to new markets either a state away or across the world. An example is Smart Retractable in Dubuque which manufactures retractable baby gates. Google has helped them export to markets across the world. They offer advertising tools as well. Online marketing puts advertising in reach of even

smallest businesses, which can really target their audience. Pumpkin Patch in North Liberty primarily had local customers but using Google ads they now attract people from across state. "Grow with Google" are free trainings. Visit [Google.com/grow](https://www.google.com/grow) for more info.

Dan: To further assist, they have shifted to virtual training versus workshops, and have created new small business product features. Encourage small businesses to check out the free training and encourage non-profit organizations to join as partners to help provide the training.

SBDC – Kimberly Tiefenthaler:

The pandemic has raised awareness of the need for online sales. Their job is to give exposure to what is available, give training, and provide support. Shop Iowa and the resources Google have are good examples of how the SBDC's have partnered to provide training. They also provide tools through the SBDC mobile lab, and all centers have a light box that can be used for businesses to take pictures for online product listing. (Reference presentation for full list of resources.)

**6. Discussion on Proposed Recommendations:**

A draft of recommendations compiled from information heard in previous meetings had been distributed for review. The Lt. Governor read each of the recommendations then opened for discussion

Rural Innovation Grants:

This is a general recommendation offered up from all three of the task forces. They have been a success, so recommend going forward.

Jordan: Can we get a recap on how many applied, and what was awarded? Liesl: We had 22 applications and \$416,000 requested, total project costs can be found on website. Wayne: Were there gaps in the state of where we received applications from and if so, how can we market to get a larger response? Liesl: She has a map of locations she can share, and awards are on the website. We utilized networks from IRDC, ERI, social media, etc.

Investing in Rural Iowa Specific Recommendations:

*Supporting Entrepreneurship:*

David: Communication is needed. For existing programs, do any need more support, like JPECS, I-Corp program? Sandy: We need to look further, but it could be added as something to think on. David: The K-12 programs are great, but do they need additional requirements, or do we need to look at the amounts of the angel investment tax credits? Lt. Governor: Thinks these are important to explore as part of next year's work. Sandy: We could add a survey of PDI and Iowa Chamber Alliance on what is happening at the local level, as we look to put together the right communication plan. It might also lead to some interesting Rural Innovation Grants applications. Joanie: Feedback that she gets is there is need of information, but the vehicle that we are using is a challenge. Community leaders are small business owners. Education offerings

are available but hard for them to attend. Can we make recorded webinars available for off hour access? Sandy: There is a library of recorded business webinars on the Renew Rural Iowa website. Joanie: Businesses need to know where to best spend their time. Sandy: ISU is doing a lot on county level so maybe they can assist.

### *Succession planning:*

#### ESOP's and Coop Ownership:

David: ESOP recommendation is good. Lt. Governor: Liesl is researching what other states are doing and policy restrictions for Coop ownership model. Can see a lot of ways rural communities could utilize this model. Jordan: Define 'appropriate circumstances as mentioned in the last sentence? How does a traditional model transfer to an electrician or a grocery store? Lt. Governor: Not on people's radar, but by providing resources we can educate. Wayne: Businesses need to have a formal valuation done. Sandy: Agrees that is a critical starting point. Jim: Have been looking for best practices but not seeing a lot on what the challenges are. Jordan: Entrepreneurs are busy. We need to be careful that just communicating info from a central place is going to reach them. Need to look at other communications strategies.

#### Improve Communication of Resources:

Sandy: Our audience is resource providers, so maybe survey them to find out who is working on succession on the local level, then have the same virtual workshop on succession. Gene: Agrees. Trying to connect on a local level, information overload needs a one stop shop. Who are the experts that the local business person can go to? Sandy: There is a timeline too, they don't need everything the first day. Joanie: Need some type of protection for succession planning. Can we add more support legally? Lt. Governor: Maybe a better focus on examples of common ways this can fall apart and how can you avoid them. Jordan: There are a lot of resources out there. Businesses who actively seek them can find them. Maybe we share stories of how businesses are utilizing resources to benefit their business. Lt. Governor: People respond to stories so this should be built into this recommendation.

#### Inheritance Tax:

David: Iowa has been opposed to these taxes. Have come a long way in getting rid of these for lineal taxes, not so much about non-lineal. When a business passes to descendants, state tax can make it difficult. In Iowa non-lineal pay a tax on what they inherit, so a son doesn't, but a niece would. Lt. Governor: Provide a sentence explaining how this impacts rural succession, and it is a way to protect those businesses to pass on. Jordan: Is there any data on this? Policy recommendation would be stronger if we know how much this affects. Lt. Governor: We can see if we can get some stats to support impact.

### *Online business presence:*

Jim: Continue to explore more opportunities within the Shop Iowa realm. Brian: If this takes off, will need support for businesses to get on platform – be prepared to offer assistance going forward. Jordan: For Bauman's, their challenge wasn't getting online, but how to translate their customized shopping experience online. Online isn't just for retail, it's how to get online that makes it worth it. We need to know the tool isn't the answer, but how to use the tool. Share stories of businesses that were hesitant, and went forward, so other businesses can see how it could benefit them. Gene: Shop Iowa cost is covered by IEDA now, but after that it might be a barrier to start. That small monthly fee can be a barrier. Can we address that? Jordan: Maybe local telcos or others would help offset cost? Rand: Through Ripple Effect they have some pilot projects like that.

Wayne: Online sales are geared towards physical stores, but many farmers and homeowners have items to sell – can they be served? Lexi: The Farmers Marketplace has many stipulations but there are some materials being built for this audience. It's more of a directory for people to look at what producers have and purchase directly. Cherie: They have worked with the Cedar Rapids farmer's market with an online platform. Sarah: Would be nice to have gift certificates available on Shop Iowa. Cherie: Several businesses have gift cards and IEDA has a separate push for that. Chuck: Should we look at a bigger investment for Shop Iowa instead of having a business pay the monthly fee? Jim, we are looking at a continued funding stream

### *Create a Rural Investment Fund:*

Lt. Governor: Feels there are too many unanswered questions to build in this year. Suggests waiting to see what happens during this legislation session. Jordan: Agrees, but the innovation tax credit to encourage investment seems like a more local approach. Is there a way to do a carve out for rural? Lt. Governor: We need to be thinking about issues to explore in 2021 so let's monitor on those for moving forward.

### *Rural Housing Grants:*

Lt. Governor: Suggests continuing grants and provide some stats on the grants we've done. Liesl: Ten communities took advantage, and that is what we had funding for. Very well received. Communities have found benefit in the program. Looking at tweaking to include regional applicants as well as a community.

## **7. Public Comment:**

Sue Gehling: She grew up in Manning and is a social entrepreneur and a psychology practitioner that provides assistance to students in schools through telehealth. As a startup she worked with the SBDC and then with the Goldman Sachs 10,000 Small Business program. She is trying to look at improving access to mental health services for children. Would like to see expansion of online

business to more than retail, specifically healthcare. High proportion of students in rural Iowa are on Medicaid and it makes a difference in terms of payment. With COVID 19 there is now payment parity which has value beyond the pandemic. This would be something a small business owner would find helpful. Most providers won't do this work because they lose money offering these services. Ripple effect in rural Iowa. Would like to make payment parity permanent.

Lt. Governor: Would like to learn more about your business model to provide mental health services via telehealth. The Governor's public health order does provide parity, but this is an issue that the legislature will need to deal with this year.

**8. Adjourn:**