

CHAPTER 59  
ENTERPRISE ZONES

**261—59.1(15E) Purpose.** The purpose of the establishment of an enterprise zone in a county or city is to promote new economic development in economically distressed areas. Eligible businesses (including eligible housing businesses) locating or located in an enterprise zone are authorized under this program to receive certain tax incentives and assistance. The intent of the program is to encourage communities to target resources in ways that attract productive private investment in economically distressed areas within a county or city.

**261—59.2(15E) Definitions.**

“*Act*” means Iowa Code Supplement sections 15E.191 through 15E.196 as amended by 1998 Iowa Acts, House Files 2164, 2395, section 17, and 2538.

“*Average county wage*” means the average the department calculates using the most current four quarters of wage and employment information as provided in the Quarterly Covered Wage and Employment Data report as provided by the Iowa department of workforce development. Agricultural/mining and governmental employment categories are deleted in compiling the wage information.

“*Average regional wage*” means the wage calculated by the department using a methodology in which each particular county is considered to be a geographic center of a larger economic region. The wage threshold for the central county is calculated using the average wage of that county, plus each adjoining county, so that the resulting figure reflects a regional average that is representative of the true labor market area. In performing the calculation, the greatest importance is given to the central county by “weighting” it by a factor of four, compared to a weighting of one for each of the other adjoining counties. The central county is given the greatest importance in the calculation because most of the employees in that central county will come from the same county, as compared to commuters from other adjoining counties.

“*Board*” means the Iowa department of economic development board.

“*Commission*” or “*enterprise zone commission*” means the enterprise zone commission established by a city or county to review applications for incentives and assistance for businesses located within or requesting to locate within certified enterprise zones over which the enterprise zone commission has jurisdiction under the Act.

“*Contractor*” or “*subcontractor*” means a person who contracts with an eligible business or subcontracts with a contractor for the provision of property, materials, or services for the construction or equipping of a facility, located within the economic development zone, of the eligible business.

“*Department*” means the Iowa department of economic development.

“*Director*” means the director of the Iowa department of economic development.

“*DRF*” means the Iowa department of revenue and finance.

“*Enterprise zone*” means a site or sites certified by the department of economic development board for the purpose of attracting private investment within economically distressed counties or areas of cities within the state.

“*Full-time*” means the employment of one person:

1. For 8 hours per day for a 5-day, 40-hour workweek for 52 weeks per year, including paid holidays, vacations and other paid leave, or
2. The number of hours or days per week, including paid holidays, vacations and other paid leave, currently established by schedule, custom, or otherwise, as constituting a week of full-time work for the kind of service an individual performs for an employing unit.

“*Project jobs*” means all of the new jobs to be created by the location or expansion of the business in the enterprise zone. For the project jobs, the business shall pay an average wage that is at or greater than 90 percent of the lesser of the average county wage or average regional wage, as determined by the department. However, in any circumstance, the wage paid by the business for the project jobs shall not be less than \$7.50 per hour.

**261—59.3(15E) Enterprise zone certification.** An eligible county or a city may request the board to certify an area meeting the requirements of the Act and these rules as an enterprise zone. Zone designations will remain in effect for a period of ten years from the date of the board’s certification as a zone. A county or city may request zone designation at any time prior to July 1, 2000.

**59.3(1) County—eligibility.**

*a. Requirements.* To be eligible for enterprise zone designation, a county must meet at least two of the following criteria:

- (1) The county has an average weekly wage that ranks among the bottom 25 counties in the state based on the 1995 annual average weekly wage for employees in private business.
- (2) The county has a family poverty rate that ranks among the top 25 counties in the state based on the 1990 census.
- (3) The county has experienced a percentage population loss that ranks among the top 25 counties in the state between 1990 and 1995.
- (4) The county has a percentage of persons 65 years of age or older that ranks among the top 25 counties in the state based on the 1990 census.

*b. Zone parameters.* Up to 1 percent of a county area may be designated as an enterprise zone. A county may establish more than one enterprise zone. The total amount of land designated as enterprise zones under subrules 59.3(1) and 59.3(2) shall not exceed in the aggregate 1 percent of the total county area (excluding any area which qualifies as an urban or rural enterprise community under Title XIII of the federal Omnibus Budget Reconciliation Act of 1993). An eligible county containing a city whose boundaries extend into an adjacent county may establish an enterprise zone in an area of the city located in the adjacent county if the adjacent county’s board of supervisors adopts a resolution approving the establishment of the enterprise zone in the city and the two counties enter into an agreement pursuant to Iowa Code chapter 28E regarding the establishment of the enterprise zone.

**59.3(2) City—eligibility.**

*a. Requirements.* To be eligible for enterprise zone designation, a city (population of 24,000 or more as shown by the 1990 certified federal census) must meet at least two of the following criteria:

- (1) The area has a per capita income of \$9,600 or less based on the 1990 census.
- (2) The area has a family poverty rate of 12 percent or higher based on the 1990 census.
- (3) Ten percent or more of the housing units are vacant in the area.
- (4) The valuations of each class of property in the designated area is 75 percent or less of the citywide average for that classification based upon the most recent valuations for property tax purposes.
- (5) The area is a blighted area, as defined in Iowa Code section 403.17.

*b. Population limits.* A city with a population of 24,000 or more, as shown by the 1990 certified federal census, may request enterprise zone certification by the board. The zone shall consist of one or more contiguous census tracts, as determined in the most recent federal census, or alternative geographic units approved by the department, for that purpose. In creating an enterprise zone, an eligible city may designate as part of the area tracts or approved geographic units located in a contiguous city if such tracts or approved geographic units otherwise meet the criteria on their own and the contiguous city agrees to be included in the enterprise zone.

*c. Zone parameters.* A city may establish more than one enterprise zone. Up to 1 percent of the county in which the city is located may be designated as enterprise zones. If there is an area in the city which meets the requirements for eligibility for an urban or rural enterprise community under Title XIII of the federal Omnibus Budget Reconciliation Act of 1993, such area shall be designated by the state as an enterprise zone. (The area meeting the requirements for eligibility for an urban or rural enterprise community shall not be included for the purpose of determining the 1 percent aggregate area limitation for enterprise zones.)