

Senate Amendment to
House File 641

H-1451

1 Amend House File 641, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting clause
4 and inserting:

5 <Section 1. NEW SECTION. 15J.1 **Short title.**

6 This chapter shall be known and may be cited as the
7 "*Iowa Reinvestment Act*".

8 Sec. 2. NEW SECTION. 15J.2 **Definitions.**

9 As used in this chapter, unless the context
10 otherwise requires:

11 1. "*Board*" means the same as defined in section
12 15.102.

13 2. "*Commencement date*" means the date established
14 for each district by the board under section 15J.4,
15 subsection 3, upon which the calculation of new state
16 sales tax and new state hotel and motel tax revenue
17 shall begin under section 15J.5 for deposit in the
18 fund.

19 3. "*Department*" means the department of revenue.

20 4. "*District*" means the area within a municipality
21 that is designated a reinvestment district pursuant to
22 section 15J.4.

23 5. "*Fund*" means the state reinvestment district
24 fund created in section 15J.6.

25 6. "*Governing body*" means the county board of
26 supervisors, city council, or other body in which the
27 legislative powers of the municipality are vested.

28 7. "*Municipality*" means a county or an incorporated
29 city.

30 8. "*New lessor*" means a lessor, as defined in
31 section 423A.2, operating a business in the district
32 that was not in operation in the area of the district
33 before the effective date of the ordinance establishing
34 the district, regardless of ownership. "*New lessor*"
35 also includes any lessor, defined in section 423A.2,
36 operating a business in the district if the place of
37 business for that business is the subject of a project
38 that was approved by the board.

39 9. "*New retail establishment*" means a business
40 operated in the district by a retailer, as defined in
41 section 423.1, that was not in operation in the area of
42 the district before the effective date of the ordinance
43 establishing the district, regardless of ownership.

44 "*New retail establishment*" also includes any business
45 operated in the district by a retailer, as defined in
46 section 423.1, if the place of business for that retail
47 establishment is the subject of a project that was
48 approved by the board.

49 10. "*Project*" means a vertical improvement
50 constructed or substantially improved within a

1 district using sales tax revenues and hotel and motel
2 tax revenues received by a municipality pursuant to
3 this chapter. "Project" does not include any of the
4 following:

5 a. A building, structure, or other facility that
6 is in whole or in part used or intended to be used to
7 conduct gambling games under chapter 99F.

8 b. A building, structure, or other facility that is
9 in whole or in part used or intended to be used as a
10 hotel or motel if such hotel or motel is connected to
11 or operated in conjunction with a building, structure,
12 or other facility described in paragraph "a".

13 11. "State hotel and motel tax" means the
14 state-imposed tax under section 423A.3.

15 12. "State sales tax" means the sales and services
16 tax imposed pursuant to section 423.2.

17 13. "Substantially improved" means that the cost of
18 the improvements are equal to or exceed fifty percent
19 of the assessed value of the property, excluding the
20 land, prior to such improvements.

21 14. "Vertical improvement" means a building that is
22 wholly or partially above grade and all appurtenant
23 structures to the building.

24 Sec. 3. NEW SECTION. 15J.3 **Preapplication process.**

25 The board may establish by rule a preapplication
26 process to provide information related to the
27 requirements of this chapter, to determine the interest
28 of municipalities in establishing districts under this
29 chapter, and to assist municipalities in preparing a
30 proposed district plan.

31 Sec. 4. NEW SECTION. 15J.4 **District establishment**
32 **— approval.**

33 1. A municipality that has an area suitable for
34 development within the boundaries of the municipality
35 is eligible to seek approval from the board to
36 establish a reinvestment district under this section
37 consisting of the area suitable for development. To be
38 designated a reinvestment district, an area shall meet
39 the following requirements:

40 a. The area consists only of parcels of real
41 property that the governing body of the municipality
42 determines will be directly and substantially benefited
43 by development in the proposed district.

44 b. The area is in whole or in part either an
45 economic development enterprise zone designated under
46 chapter 15E, division XVIII, or an urban renewal area
47 established pursuant to chapter 403.

48 c. The area consists of contiguous parcels and does
49 not exceed twenty-five acres in total.

50 d. For a municipality that is a city, the area does

1 not include the entire incorporated area of the city.
2 e. The area is not located in whole or in part
3 within another district established under this chapter.
4 2. Prior to submission to the board for approval
5 under subsection 3, a proposed district plan shall be
6 developed and approved by resolution of the governing
7 body of the municipality. The proposed district plan
8 shall state the governing body's intent to establish
9 a district. The proposed district plan shall also
10 include all of the following:
11 a. A finding by the governing body that the area
12 in the proposed district is an area suitable for
13 development.
14 b. A legal description of the real estate forming
15 the boundaries of the area to be included in the
16 proposed district along with a map depicting the
17 existing parcels of real estate located in the proposed
18 district.
19 c. A list of the names and addresses of the owners
20 of record of the parcels to be included in the proposed
21 district.
22 d. A list of all projects proposed to be undertaken
23 within the district, a detailed description of those
24 projects, and a project plan for each proposed project.
25 Each project plan shall clearly state the estimated
26 cost of the proposed project, the anticipated funding
27 sources for the proposed project, the amount of
28 anticipated funding from each such source, and the
29 amount and type of debt, if any, to be incurred by the
30 municipality to fund the proposed project, and shall
31 include a proposed project feasibility study conducted
32 by an independent professional with expertise in
33 economic development and public finance. The project
34 plan for the project that proposes the largest amount
35 of capital investment among all proposed projects
36 within the district shall include an estimate of
37 the date that construction of the project will be
38 completed and of the date that operations will begin
39 at the project. The feasibility study shall include
40 projections and analysis of all of the following:
41 (1) The amount of gross revenues expected to
42 be collected in the district as a result of the
43 proposed project for each year that the district is in
44 existence.
45 (2) A detailed explanation of the manner and extent
46 to which the proposed project will contribute to the
47 economic development of the state and the municipality,
48 including an analysis of the proposed project's
49 economic impact. The analysis shall include the same
50 components and be conducted in the same manner as the

1 economic impact study required under paragraph "e".

2 (3) An estimate of the number of visitors or
3 customers the proposed project will generate during
4 each year that the district exists.

5 (4) A description of the unique characteristics of
6 the proposed project.

7 e. An economic impact study for the proposed
8 district conducted by an independent economist retained
9 by the municipality. The economic impact study shall,
10 at a minimum, do all of the following:

11 (1) Contain a detailed analysis of the financial
12 benefit of the proposed district to the economy of the
13 state and the municipality.

14 (2) Identify one or more projected market areas in
15 which the district can reasonably be expected to have a
16 substantial economic impact.

17 (3) Assess the fiscal and financial impact of the
18 proposed district on businesses or on other economic
19 development projects within the projected market area.

20 3. a. The municipality shall submit a copy of
21 the resolution, the proposed district plan, and all
22 accompanying materials adopted pursuant to this section
23 to the board for evaluation. The board shall not
24 approve a proposed district plan or an amendment to an
25 existing district's plan on or after July 1, 2018.

26 b. The board shall evaluate each municipality's
27 proposed district plan and accompanying materials and
28 shall approve the district plan and establishment of
29 the district if the board determines that, in addition
30 to other criteria established by the board by rule, all
31 of the following conditions are met:

32 (1) The area of the municipality proposed to be
33 included in the district meets the requirements of
34 subsection 1.

35 (2) The projects proposed to be undertaken in
36 the district are of a unique nature and will have a
37 substantial beneficial impact on the economy of the
38 state and the economy of the municipality.

39 (3) The proposed funding sources for each proposed
40 project are feasible.

41 (4) At least one of the projects proposed to
42 be undertaken in the district includes a capital
43 investment of at least ten million dollars.

44 (5) The total amount of proposed funding from
45 state sales tax revenues and state hotel and motel tax
46 revenue to be remitted to the municipality from the
47 state reinvestment district fund under section 15J.6
48 for all proposed projects in the proposed district plan
49 does not exceed thirty-five percent of the total cost
50 of all proposed projects in the proposed district plan.

1 (6) The amount of proposed capital investment
2 within the proposed district related to retail
3 businesses in the proposed district does not exceed
4 fifty percent of the total capital investment for all
5 proposed projects in the proposed district plan. For
6 the purposes of this subparagraph, "retail business"
7 means any business engaged in the business of selling
8 tangible personal property or taxable services at
9 retail in this state that is obligated to collect state
10 sales or use tax under chapter 423. However, for the
11 purposes of this subparagraph, "retail business" does
12 not include a new lessor.

13 c. If the board denies a proposed district plan,
14 the board shall state the reasons for the denial and
15 the municipality may resubmit the application.

16 d. As part of its approval of a proposed district
17 plan, the board shall establish a commencement date
18 for the district. The commencement date established
19 by the board shall be the first day of the first
20 calendar quarter beginning after the later of the two
21 dates identified for the project that proposed the
22 largest amount of capital investment among all proposed
23 projects in the district pursuant to subsection 2,
24 paragraph "d".

25 e. As part of its approval of a proposed district
26 plan, the board shall, subject to the authorized
27 amounts under section 15J.5, establish maximum amounts
28 of state sales tax revenues or state hotel and motel
29 tax revenues, or both, that may be remitted to a
30 municipality's reinvestment project fund. Such maximum
31 amounts shall be determined based on the financing
32 needs of the proposed project, the economic impact
33 to the state, and the remittance limitations under
34 paragraph "f".

35 f. The total aggregate amount of state sales tax
36 revenues and state hotel and motel tax revenues that
37 may be approved by the board for remittance to all
38 municipalities and that may be transferred to the
39 state reinvestment district fund under section 423.2,
40 subsection 11, or section 423A.6, and remitted to all
41 municipalities having a reinvestment district under
42 this chapter shall not exceed one hundred million
43 dollars.

44 g. If a district plan is approved by the board, the
45 district plan, along with the municipality's resolution
46 and all accompanying materials shall be posted on the
47 economic development authority's internet site for
48 public viewing within ten days of approval by the
49 board.

50 4. Upon receiving the approval of the board, the

1 municipality may adopt an ordinance establishing the
2 district and shall notify the director of revenue of
3 the district's commencement date established by the
4 board no later than thirty days after adoption of the
5 ordinance. The ordinance adopted by the municipality
6 shall include the district's commencement date and a
7 detailed statement of the manner in which the approved
8 projects to be undertaken in the district will be
9 financed, including but not limited to the financial
10 information included in the project plan under
11 subsection 2, paragraph "d". Following establishment
12 of the district, a municipality may use the moneys
13 deposited in the municipality's reinvestment project
14 fund created pursuant to section 15J.7 to fund the
15 development of those projects included within the
16 district plan.

17 5. A municipality may amend the district plan
18 to add or modify projects. However, a proposed
19 modification to a project and each project proposed
20 to be added shall first be approved by the board in
21 the same manner as provided for the original plan. In
22 no case, however, shall an amendment to the district
23 plan result in the extension of the commencement date
24 established by the board. If a district plan is
25 amended to add or modify a project, the municipality
26 shall amend the ordinance, if necessary, to reflect any
27 changes to the financial information required to be
28 included under subsection 4.

29 6. Following establishment of a district, the
30 municipality shall on or before October 1 of each year
31 submit a report to the board detailing all of the
32 following:

33 a. The status of each project undertaken within the
34 district in the previous twelve months.

35 b. An itemized list of expenditures from the
36 municipality's reinvestment project fund in the
37 previous twelve months that have been made related to
38 each project being undertaken within the district.

39 c. The amount of the total project cost remaining
40 for each project being undertaken within the district
41 as of the date the report is submitted.

42 d. The amounts, types, and sources of funding used
43 for each project described in paragraph "a".

44 e. The amount of bonds issued or other indebtedness
45 incurred for each project described in paragraph "a",
46 including information related to the rate of interest,
47 length of term, costs of issuance, and net proceeds.
48 The report shall also include the amounts and types
49 of moneys to be used for payment of such bonds or
50 indebtedness.

1 7. All reports received by the board under
2 subsection 6 shall be posted on the economic
3 development authority's internet site as soon as
4 practicable following receipt of the report. The board
5 shall submit a written report to the governor and the
6 general assembly on or before January 15 of each year.
7 The report shall summarize and analyze the information
8 submitted by municipalities under subsection 6.

9 **Sec. 5. NEW SECTION. 15J.5 New state tax revenue**
10 **calculations.**

11 1. a. The department shall calculate quarterly
12 the amount of new state sales tax revenues for each
13 district established in the state to be deposited
14 in the state reinvestment district fund created in
15 section 15J.6, pursuant to section 423.2, subsection
16 11, paragraph "b", subject to remittance limitations
17 established by the board pursuant to section 15J.4,
18 subsection 3.

19 b. The amount of new state sales tax revenue for
20 purposes of paragraph "a" shall be the product of
21 the amount of sales subject to the state sales tax
22 in the district during the quarter from new retail
23 establishments times four percent.

24 2. a. The department shall calculate quarterly the
25 amount of new state hotel and motel tax revenues for
26 each district established in the state to be deposited
27 in the state reinvestment district fund created in
28 section 15J.6, pursuant to section 423A.6, subject
29 to remittance limitations established by the board
30 pursuant to section 15J.4, subsection 3.

31 b. The amount of new state hotel and motel tax
32 revenue for purposes of paragraph "a" shall be the
33 product of the amount of sales subject to the state
34 hotel and motel tax in the district during the quarter
35 from new lessors times the state hotel and motel tax
36 rate imposed under section 423A.3.

37 3. Each municipality that has established a
38 district under this chapter shall assist the department
39 in identifying new retail establishments in the
40 district that are collecting state sales tax and new
41 lessors in the district that are collecting state hotel
42 and motel tax. This process shall be ongoing until the
43 municipality ceases to utilize state sales tax revenue
44 or state hotel and motel tax revenue under this chapter
45 or the district is dissolved.

46 **Sec. 6. NEW SECTION. 15J.6 State reinvestment**
47 **district fund.**

48 1. A state reinvestment district fund is
49 established in the state treasury under the control
50 of the department consisting of the new state sales

1 tax revenues collected within each district and
2 deposited in the fund pursuant to section 423.2,
3 subsection 11, paragraph "b", and the new state hotel
4 and motel tax revenues collected within each district
5 and deposited in the fund pursuant to section 423A.6.
6 Moneys deposited in the fund are appropriated to the
7 department for the purposes of this section. Moneys in
8 the fund shall only be used for the purposes of this
9 section.

10 2. A district account is created within the fund
11 for each district created by a municipality under this
12 chapter.

13 3. The department shall deposit the moneys
14 described in subsection 1 that were collected in
15 a quarter beginning on or after the district's
16 commencement date into the appropriate district account
17 in the fund.

18 4. All moneys in each district account within the
19 fund shall be remitted quarterly by the department to
20 the municipality that established the district for
21 deposit in the municipality's reinvestment project fund
22 established pursuant to section 15J.7.

23 5. The department shall adopt rules for the
24 administration of the department's duties under
25 this chapter, including the remittance of moneys to
26 municipalities.

27 **Sec. 7. NEW SECTION. 15J.7 Reinvestment project**
28 **fund.**

29 1. State sales tax revenue and state hotel and
30 motel tax revenue remitted by the department to
31 a municipality pursuant to section 15J.6 shall be
32 deposited in a reinvestment project fund of the
33 municipality and shall be used to fund projects within
34 the district from which the revenues were collected.
35 If the municipality determines that the revenue
36 accruing to the reinvestment project fund exceeds the
37 amount necessary for these purposes, the excess moneys
38 that are remittances received under section 15J.6 and
39 all interest in the fund attributable to such excess
40 amounts shall be remitted by the municipality to the
41 department for deposit in the general fund of the
42 state.

43 2. In addition to the moneys received pursuant
44 to section 15J.6, a municipality may deposit in the
45 reinvestment project fund any other moneys lawfully at
46 the municipality's disposal, including but not limited
47 to local sales and services tax receipts collected
48 under chapter 423B if such use is a purpose authorized
49 for the municipality under chapter 423B.

50 3. The records of the municipality related to the

1 district and the reinvestment project fund are subject
2 to audit pursuant to section 11.6.

3 4. a. Moneys from any source deposited into
4 the reinvestment project fund shall not be expended
5 for or otherwise used in connection with a project
6 that includes the relocation of a commercial or
7 industrial enterprise not presently located within the
8 municipality.

9 b. For the purposes of this subsection,
10 "relocation" means the closure or substantial reduction
11 of an enterprise's existing operations in one area of
12 the state and the initiation of substantially the same
13 operation in the same county or a contiguous county in
14 the state. "Relocation" does not include an enterprise
15 expanding its operations in another area of the state
16 provided that existing operations of a similar nature
17 are not closed or substantially reduced.

18 5. Upon dissolution of a district pursuant to
19 section 15J.8, if moneys remitted to the municipality
20 pursuant to section 15J.6 remain in the municipality's
21 reinvestment project fund and those moneys are not
22 necessary to support completion of a project in the
23 dissolved district, such amounts and all interest
24 remaining in the fund that was earned on such amounts
25 shall be remitted by the municipality to the department
26 for deposit in the general fund of the state.

27 6. Upon dissolution of a district pursuant to
28 section 15J.8, moneys remaining in the reinvestment
29 project fund that were deposited pursuant to subsection
30 2 and all interest remaining in the fund that was
31 earned on such amounts shall be deposited in the
32 general fund of the municipality.

33 **Sec. 8. NEW SECTION. 15J.8 End of deposits —**
34 **district dissolution.**

35 1. As of the date twenty years after the district's
36 commencement date, the department shall cease to
37 deposit state sales tax revenues and state hotel
38 and motel tax revenues into the district's account
39 within the fund, unless the municipality dissolves the
40 district by ordinance prior to that date. Following
41 the expiration of the twenty-year period, the district
42 shall be dissolved by ordinance of the municipality
43 adopted within twelve months of the conclusion of the
44 twenty-year period.

45 2. If the municipality dissolves the district by
46 ordinance prior to the expiration of the twenty-year
47 period specified in subsection 1, the municipality
48 shall notify the director of revenue of the dissolution
49 as soon as practicable after adoption of the ordinance,
50 and the department shall, as of the effective date

1 of dissolution, cease to deposit state sales tax
2 revenues and state hotel and motel tax revenues into
3 the district's account within the fund.

4 Sec. 9. Section 423.2, subsection 11, paragraph
5 b, Code 2013, is amended by adding the following new
6 subparagraph:

7 NEW SUBPARAGRAPH. (6) Beginning the first day
8 of the calendar quarter beginning on the reinvestment
9 district's commencement date, subject to remittance
10 limitations established by the economic development
11 authority board pursuant to section 15J.4, subsection
12 3, transfer to a district account created in the state
13 reinvestment district fund for each reinvestment
14 district established under chapter 15J, the amount of
15 new state sales tax revenue, determined in section
16 15J.5, subsection 1, paragraph "b", in the district,
17 that remains after the prior transfers required
18 under this paragraph "b". Such transfers shall cease
19 pursuant to section 15J.8.

20 Sec. 10. Section 423A.6, unnumbered paragraph 1,
21 Code 2013, is amended to read as follows:

22 The director of revenue shall administer the
23 state and local hotel and motel tax as nearly as
24 possible in conjunction with the administration of the
25 state sales tax law, except that portion of the law
26 which implements the streamlined sales and use tax
27 agreement. The director shall provide appropriate
28 forms, or provide on the regular state tax forms,
29 for reporting state and local hotel and motel tax
30 liability. All moneys received or refunded one hundred
31 eighty days after the date on which a city or county
32 terminates its local hotel and motel tax and all moneys
33 received from the state hotel and motel tax shall be
34 deposited in or withdrawn from the general fund of
35 the state. Beginning the first day of the calendar
36 quarter beginning on the reinvestment district's
37 commencement date, the director of revenue shall,
38 subject to remittance limitations established by
39 the economic development authority board pursuant to
40 section 15J.4, subsection 3, transfer from the general
41 fund of the state to a district account created in the
42 state reinvestment district fund for each reinvestment
43 district established under chapter 15J, the new state
44 hotel and motel tax revenue, determined in section
45 15J.5, subsection 2, paragraph "b", in the district.
46 Such transfers shall cease pursuant to section 15J.8.>

47 2. By renumbering, redesignating, and correcting
48 internal references as necessary.