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ECONOMIC DEVELOPMENT

HOUSE FILE 445  
BY BAKER

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to empowerment zones by creating the zones and  
2 providing assistance to zones.

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

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HF 445

1 Section 1. NEW SECTION. 15A.10 EMPOWERMENT ZONES.

2 1. FINDINGS. The general assembly finds and declares that  
3 the provision of economic development assistance to  
4 empowerment zones is necessary to enhance opportunities for  
5 Iowans to start and expand businesses, create quality jobs,  
6 and develop suitable housing and will provide significant  
7 economic benefits to the state through the expansion of Iowa's  
8 economy. Assistance provided by the state or a local  
9 community will be for the well-being and benefit of the  
10 residents of the state and will be for a public purpose.

11 2. DEFINITIONS. As used in this section, unless the  
12 context otherwise requires:

13 a. "Department" means the Iowa department of economic  
14 development.

15 b. "Empowerment zone" means an enterprise or empowerment  
16 zone or community designated by the federal government under  
17 Title XIII of the federal Omnibus Budget Reconciliation Act of  
18 1993 or an area designated as an empowerment zone by the  
19 department to be eligible for the benefits of this section.

20 c. "State agency" means the departments of economic  
21 development, employment services, cultural affairs, elder  
22 affairs, human services, natural resources, and  
23 transportation, as well as the Iowa finance authority and the  
24 office of the treasurer of state.

25 3. EMPOWERMENT ZONE -- SELECTION.

26 a. The department shall establish criteria for determining  
27 what areas qualify as an empowerment zone for zones designated  
28 by the department. The criteria established shall be  
29 consistent with criteria established for selecting enterprise  
30 or empowerment zones or communities by the federal government  
31 under Title XIII of the federal Omnibus Budget Reconciliation  
32 Act of 1993.

33 b. The department shall designate no more than six  
34 empowerment zones, and the department shall ensure that an  
35 equal number of rural and urban zones are designated.

1 4. ELIGIBLE BUSINESS.

2 Notwithstanding the requirements for an eligible business  
3 under section 15.329, a business with operations or facilities  
4 within an empowerment zone is eligible to receive the benefits  
5 provided in sections 15.331 through 15.336 if the following  
6 conditions apply:

7 a. The community empowerment corporation has approved the  
8 startup or expansion of the business within the empowerment  
9 zone for purposes of receiving the benefits of this chapter.

10 b. The business has not closed or substantially reduced  
11 its operation in one area of the state of Iowa and relocated  
12 substantially the same operation in the zone. This paragraph  
13 does not prohibit a business from expanding its operations in  
14 the zone if existing operations of a similar nature in the  
15 state of Iowa are not closed or substantially reduced.

16 c. The department, in consultation with the community  
17 empowerment corporation, concludes that the business with  
18 operations or facilities in the zone will not receive an  
19 unfair advantage over its competitors as a result of benefits  
20 received under this chapter.

21 5. STATE ASSISTANCE. In order to assist an empowerment  
22 zone within the state to achieve its potential to secure new  
23 economic opportunities, state agencies shall provide technical  
24 assistance to designated empowerment zones, and shall  
25 designate a contact person within each state agency to act as  
26 a liaison between designated empowerment zones and the state  
27 agency. An applicant for assistance under any program  
28 administered by state agencies shall be given priority based  
29 upon the selection criteria for assistance established by the  
30 departments. A state agency contact person shall provide  
31 assistance in applying for technical or financial assistance  
32 and work to expedite departmental decision making regarding  
33 activities within a designated empowerment zone, including but  
34 not limited to the issuance of permits, interpretations of  
35 rules or regulations, and the provision of technical or

1 financial assistance. Environmental cleanup within a  
2 designated empowerment zone ordered by or under the purview of  
3 the department of natural resources shall be given priority by  
4 the department of natural resources to receive technical or  
5 financial assistance to aid in the cleanup.

6 6. REGULATORY FLEXIBILITY. A state agency required to  
7 provide economic development assistance under this section  
8 shall do the following:

9 a. Provide a waiver or partial waiver of any rule or regu-  
10 lation which would negate or mitigate the effect of any waiver  
11 of a federal rule or regulation approved by the community  
12 enterprise board established under Title XIII of the federal  
13 Omnibus Budget Reconciliation Act of 1993.

14 b. Apply a federal rule or regulation within a designated  
15 empowerment zone, if a state rule or regulation establishes a  
16 higher or more restrictive standard than the federal rule or  
17 regulation.

18 c. Upon the request of a designated empowerment zone,  
19 examine the feasibility of providing a waiver or partial  
20 waiver of the application of any rule or regulation within a  
21 designated empowerment zone. If the request would require a  
22 waiver of a federal rule or regulation, the department shall  
23 assist the designated empowerment zone to apply for the  
24 necessary waiver from the proper federal agency.

25 7. COMMUNITY EMPOWERMENT CORPORATION. In order to qualify  
26 for special economic assistance under this section, a  
27 designated empowerment zone shall establish a nonprofit  
28 community empowerment corporation to act on behalf of and as  
29 an advocate for residents, businesses, community groups and  
30 other organizations within the zone. The corporation shall  
31 have a board of directors representative of a broad cross-  
32 section of the population, including private businesses and  
33 community groups within the designated empowerment zone. The  
34 mission of the corporation shall be to help the designated  
35 empowerment zone achieve its potential to enhance

1 opportunities to start and expand businesses, create quality  
2 jobs, and develop suitable housing, including but not limited  
3 to seeking technical and financial support from the private  
4 sector, acting as an advocate before various governmental  
5 bodies, coordinating planning and other activities within the  
6 designated empowerment zone, and assisting residents,  
7 businesses, and community groups to apply to various  
8 governmental departments or agencies for assistance.

9     Sec. 2. NEW SECTION. 16.187 EMPOWERMENT ZONES.

10     The authority is authorized to enter into an agreement with  
11 a municipality to issue its bonds on behalf of a municipality  
12 to provide financing for projects within an empowerment zone  
13 as defined by section 15A.10, subsection 2. The bonds may  
14 only be issued to finance projects within an environment zone  
15 which has been approved by the governing body of the  
16 municipality, and the authority shall have all of the powers  
17 delegated to it in a chapter 28E agreement between the  
18 municipality and the authority. Bonds may be issued in order  
19 to fund the construction and equipping of a project or  
20 projects, the payment of interest on the bonds, the  
21 establishment of reserves to secure the bonds, the cost of  
22 issuance of the bonds, and other expenditures incident or  
23 convenient to carry out the bond issue. The issues are  
24 investment securities and negotiable instruments within the  
25 meaning of and for the purposes of the uniform commercial  
26 code.

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#### EXPLANATION

28     This bill provides for the establishment of empowerment  
29 zones in Iowa and details the assistance available to the  
30 zones and businesses in the zones.

31     The bill provides that empowerment zones are zones  
32 established as an enterprise or empowerment zone or community  
33 by the federal government under Title XIII of the federal  
34 Omnibus Budget Reconciliation Act of 1993 and zones declared  
35 by the department of economic development based on criteria

1 similar to the criteria used by the federal government in  
2 selecting zones. The bill provides for no more than six zones  
3 to be designated by the department of economic development of  
4 which an equal number of zones shall be rural and urban. The  
5 bill also provides that certain businesses within the zones  
6 are eligible for benefits provided under sections 15.331  
7 through 15.336 pursuant to the new jobs and income Act. The  
8 bill also provides for certain assistance to empowerment zones  
9 by state agencies and for certain other regulatory waivers.  
10 The bill also establishes a community empowerment corporation  
11 within each zone. Finally, the bill also provides for bonding  
12 to finance projects within an empowerment zone under the Iowa  
13 finance authority.

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