

1-8-96 Approp.

FILED JAN 8 1996

SENATE FILE 2001

BY FREEMAN

(COMPANION TO LSB 3000HH BY  
HUSEMAN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the appropriation and distribution of proceeds  
2 from the franchise tax on financial institutions and providing  
3 a repeal date.

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

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23

D.P. 2001

1 Section 1. NEW SECTION. 15E.175 ECONOMIC DEVELOPMENT  
2 BLOCK GRANTS.

3 1. A county which annually meets the eligibility  
4 requirements of this section shall receive, upon application  
5 to the treasurer of state, an economic development block grant  
6 of up to one hundred thousand dollars each year for a five-  
7 year period.

8 2. To be eligible to receive funds a county, or the city  
9 or community economic development organization which will  
10 receive the funds from the county, shall provide local  
11 matching funds of one dollar for each two dollars requested  
12 under subsection 1 and shall have on file with the department  
13 of economic development a five-year economic development plan.  
14 The plan shall include at least the following components:

15 a. A statement explaining the economic development mission  
16 of the county, city, or community economic development  
17 organization.

18 b. A program to assist existing industry improve its  
19 methods of operation, modernize its facilities, or expand its  
20 operations.

21 c. A program to encourage businesses to locate in the city  
22 or county and to assist in the start-up of new businesses in  
23 the city or county.

24 d. A plan to market the community to individuals seeking  
25 to locate or relocate businesses and to market to individuals  
26 or businesses the services available under the plan by the  
27 county, city, or community economic development organization.

28 e. A budget for the implementation of the plan.

29 f. A full-time economic development staff person.

30 3. Counties may use block grant funds for any recognized  
31 economic development activity consistent with state law,  
32 including but not limited to the following:

33 a. To contract for economic development services.

34 b. For distribution to a city or community economic  
35 development organization which meets the eligibility

1 requirements of subsection 2.

2 c. As local matching funds for federal or state economic  
3 development programs.

4 d. For the development of industrial parks, including the  
5 development of infrastructure.

6 e. For new and renovated speculative buildings.

7 f. For housing development infrastructure.

8 g. As a fund to provide grants or revolving loans to  
9 businesses.

10 h. For community marketing activities, including tourism  
11 marketing.

12 i. For the reasonable expenses of operational costs except  
13 salaries of full-time staff.

14 j. For planning and start-up costs for organizing local  
15 economic development organizations.

16 4. This section is repealed effective July 1, 2006.

17 Sec. 2. Section 422.65, Code 1995, is amended to read as  
18 follows:

19 422.65 ALLOCATION OF REVENUE.

20 1. All moneys received from the franchise tax shall be  
21 deposited in the state general fund. ~~Commencing with the~~  
22 ~~fiscal year beginning July 1, 1993, there~~ There is  
23 appropriated for each fiscal year from the franchise tax money  
24 received and deposited in the state general fund the ~~sum of~~  
25 eight following amounts:

26 a. Eight million eight hundred thousand dollars which  
27 shall be paid quarterly on warrants by the director, after  
28 certification by the director, as follows:

29 ~~1-~~ (1) Sixty percent to the general fund of the city from  
30 which the tax is collected.

31 ~~2-~~ (2) Forty percent to the county from which the tax is  
32 collected.

33 b. Nine million nine hundred thousand dollars, or so much  
34 thereof as may be necessary, to provide economic development  
35 block grants of up to one hundred thousand dollars to eligible

1 counties in accordance with section 15E.175.

2 c. Funds remaining unobligated in any fiscal year shall be  
3 transferred to the rural enterprise fund for grants or loans  
4 to businesses with fifty or fewer employees.

5 2. If the financial institution maintains one or more  
6 offices for the transaction of business, other than its  
7 principal office, a portion of its franchise tax shall be  
8 allocated to each office, based upon a reasonable measure of  
9 the business activity of each office. The director shall  
10 prescribe, for each type of financial institution, a method of  
11 measuring the business activity of each office. Financial  
12 institutions shall furnish all necessary information for this  
13 purpose at the request of the director.

14 3. Quarterly, the director shall certify to the treasurer  
15 of state the amounts to be paid to each city and county from  
16 the state general fund under subsection 1, paragraphs "a" and  
17 "b". All moneys received from the franchise tax are  
18 appropriated according to the provisions of this section.

19 4. The changes made to this section in this Act are  
20 repealed effective July 1, 2006, and the Code editor shall  
21 return this section to the language of the 1995 Code of Iowa.  
22 Intervening amendments to this section that are unrelated to  
23 the changes made to this section in this Act are not repealed.

24 EXPLANATION

25 This bill provides for the annual appropriation of up to  
26 \$9.9 million from the proceeds of the franchise tax on  
27 financial institutions for the purpose of economic development  
28 block grants to eligible counties. The bill requires a county  
29 to have a five-year economic development plan on file with the  
30 department of economic development in order to be eligible to  
31 receive a block grant. The plan must contain certain  
32 elements, including a mission statement, programs to assist  
33 existing businesses and attract new businesses, a marketing  
34 plan, and a budget.

35 An eligible county shall receive a block grant of \$100,000

1 per year for a five-year period upon application to the  
2 treasurer of state. The block grant may be used for any  
3 recognized economic development purpose consistent with state  
4 law, including the purchase of economic development services,  
5 as matching funds, the construction or renovation of  
6 speculative shell buildings, and the reasonable expenses of  
7 operating costs for economic development activities except  
8 salaries. A county may also pass the block grant money to  
9 cities or community economic development organizations which  
10 meet the same eligibility requirements as the county.

11 The provisions of the bill sunset on July 1, 2006.

12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35