

FEB 12 1998

ECONOMIC DEVELOPMENT

HOUSE FILE 2250
BY JENKINS, VAN FOSSEN, BOGGESS,
FORD, JACOBS, and DOTZLER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to eligible housing businesses qualifying for
2 incentives and assistance in enterprise zones, providing
3 additional incentives and assistance for approved eligible
4 businesses located in an enterprise zone, and requiring
5 consideration of building codes and zoning.

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

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HF 2250

1 Section 1. NEW SECTION. 15E.193A ELIGIBLE HOUSING
2 BUSINESS.

3 1. A housing business qualifying under this section is
4 eligible to receive incentives and assistance only as provided
5 in this section. Sections 15E.193 and 15E.196 do not apply to
6 an eligible housing business qualifying under this section.

7 2. An eligible housing business under this section
8 includes, but is not limited to, a housing developer or
9 housing contractor that builds or rehabilitates a minimum of
10 four single-family homes with a value not exceeding one
11 hundred twenty thousand dollars for each home located in a
12 city in which there is a designated enterprise zone or one
13 multiple dwelling unit building containing three or more
14 individual dwelling units with a total value per unit not
15 exceeding one hundred twenty thousand dollars located in a
16 city in which there is a designated enterprise zone.

17 3. An eligible housing business shall provide the
18 enterprise zone commission with all of the following
19 information:

20 a. The long-term strategic plan for the housing business
21 which shall include labor and infrastructure needs.

22 b. Information dealing with the benefits the housing
23 business will bring to the area.

24 c. Examples of why the housing business should be
25 considered or would be considered a good business enterprise.

26 d. An affidavit that it has not, within the last five
27 years, violated state or federal environmental and worker
28 safety statutes, rules, and regulations or if such violation
29 has occurred that there were mitigating circumstances or such
30 violations did not seriously affect public health or safety or
31 the environment.

32 4. An eligible housing business which has been approved to
33 receive incentives and assistance by the department of
34 economic development pursuant to application as provided in
35 section 15E.195 shall receive all of the following incentives

1 and assistance for a period not to exceed ten years:

2 a. An eligible business may claim an income tax credit up
3 to a maximum of ten percent of the new investment which is
4 directly related to the building or rehabilitating of a
5 minimum of four single-family homes located in a designated
6 enterprise zone or one multiple dwelling unit building
7 containing four or more individual dwelling units located in a
8 designated enterprise zone. Any credit in excess of the tax
9 liability for the tax year may be credited to the tax
10 liability for the following seven years or until depleted,
11 whichever occurs earlier. If the business is a partnership,
12 subchapter S corporation, limited liability company, or estate
13 or trust electing to have the income taxed directly to the
14 individual, an individual may claim the tax credit allowed.
15 The amount claimed by the individual shall be based upon the
16 pro rata share of the individual's earnings of the
17 partnership, subchapter S corporation, limited liability
18 company, or estate or trust.

19 b. Sales, services, and use tax refund, as provided in
20 section 15.331A.

21 5. If a business has received incentives or assistance
22 under this section and fails to maintain the requirements of
23 this section to be an eligible housing business, the business
24 is subject to repayment of all or a portion of the incentives
25 and assistance that it has received. The department of
26 revenue and finance shall have the authority to recover the
27 value of state taxes or incentives provided under this
28 section. The value of state incentives provided under this
29 section includes applicable interest and penalties. The
30 department of economic development and the city and county, as
31 applicable, shall enter into agreement with the business
32 specifying the method for determining the amount of incentives
33 or assistance paid which will be repaid in the event of
34 failure to maintain the requirements of this section. In
35 addition, a business that fails to maintain the requirements

1 of this section shall not receive incentives or assistance for
2 each year during which the business is not in compliance.

3 Sec. 2. Section 15E.195, Code Supplement 1997, is amended
4 to read as follows:

5 15E.195 ENTERPRISE ZONE COMMISSION.

6 1. A county in which an eligible enterprise zone is
7 certified shall establish an enterprise zone commission to
8 review applications from qualified businesses located within
9 or requesting to locate within an enterprise zone to receive
10 incentives or assistance as provided in section 15E.196. The
11 enterprise zone commission shall also review applications from
12 qualified housing businesses requesting to receive incentives
13 or assistance as provided in section 15E.193A. The commission
14 shall consist of nine members. Five of these members shall
15 consist of one representative of the board of supervisors, one
16 member with economic development expertise chosen by the
17 department of economic development, one representative of the
18 county zoning board, one member of the local community college
19 board of directors, and one representative of the local
20 workforce development center. These five members shall select
21 the remaining four members. If the enterprise zone consists
22 of an area meeting the requirements for eligibility for an
23 urban or rural enterprise community under Title XIII of the
24 federal Omnibus Budget Reconciliation Act of 1993, one of the
25 remaining four members shall be a representative of that zone.
26 However, if the enterprise zone qualifies under the city
27 criteria, one of the four members shall be a representative of
28 an international labor organization and if an enterprise zone
29 is located in any city, a representative, chosen by the city
30 council, of each such city may be a member of the commission.
31 A county shall have only one enterprise zone commission.

32 2. The commission may adopt more stringent requirements,
33 including requirements related to compensation and benefits,
34 for a business to be eligible for incentives or assistance
35 than provided in section sections 15E.193 and 15E.193A. The

1 commission may develop as an additional requirement that
2 preference in hiring be given to individuals who live within
3 the enterprise zone. The commission shall work with the local
4 workforce development center to determine the labor
5 availability in the area. The commission shall examine and
6 evaluate building codes and zoning in the enterprise zone and
7 made recommendations to the appropriate governing body in an
8 effort to promote more affordable housing development.

9 3. If the enterprise zone commission determines that a
10 business qualifies ~~for inclusion in an enterprise zone~~ and is
11 eligible to receive incentives or assistance as provided in
12 either section 15E.193A or section 15E.196, the commission
13 shall submit an application for incentives or assistance to
14 the department of economic development. The department may
15 approve, defer, or deny the application.

16 4. In making its decision, the commission or department
17 shall consider the impact of the eligible business on other
18 businesses in competition with it and compare the compensation
19 package of businesses in competition with the business being
20 considered for incentives or assistance. The commission or
21 department shall make a good faith effort to identify existing
22 Iowa businesses within an industry in competition with the
23 business being considered for incentives or assistance. The
24 commission or department shall also make a good faith effort
25 to determine the probability that the proposed incentives or
26 assistance will displace employees of existing businesses. In
27 determining the impact on businesses in competition with the
28 business seeking incentives or assistance, jobs created as a
29 result of other jobs being displaced elsewhere in the state
30 shall not be considered direct jobs created.

31 However, if the commission or department finds that an
32 eligible business has a record of violations of the law,
33 including but not limited to environmental and worker safety
34 statutes, rules, and regulations, over a period of time that
35 tends to show a consistent pattern, the eligible business

1 shall not qualify for incentives or assistance under section
2 15E.193A or section 15E.196, unless the commission or
3 department finds that the violations did not seriously affect
4 public health or safety or the environment, or if it did that
5 there were mitigating circumstances. In making the findings
6 and determinations regarding violations, mitigating
7 circumstances, and whether an eligible business is eligible
8 for incentives or assistance under section 15E.193A or section
9 15E.196, the commission or department shall be exempt from
10 chapter 17A. If requested by the commission or department,
11 the business shall provide copies of materials documenting the
12 type of violation, any fees or penalties assessed, court
13 filings, final disposition of any findings and any other
14 information which would assist the commission or department in
15 assessing the nature of any violation.

16 5. A business that is approved to receive incentives or
17 assistance shall, for the length of its designation as an
18 enterprise zone business, certify annually to the county or
19 city, as applicable, and the department of economic
20 development its compliance with the requirements of either
21 section 15E.193 or section 15E.193A.

22 Sec. 3. Section 15E.196, subsection 1, Code Supplement
23 1997, is amended to read as follows:

24 1. a. New jobs credit from withholding, as provided in
25 section 15.331.

26 b. (1) As an alternative to paragraph "a", a business may
27 provide a housing assistance program in the form of down
28 payment assistance or rental assistance for employees in new
29 jobs, as defined in section 260E.2, who buy or rent housing
30 located within the enterprise zone. A business establishing a
31 housing assistance program shall fund this program through a
32 credit from withholding based on the wages paid to the
33 employees participating in the housing assistance program. An
34 amount equal to one and one-half percent of the gross wages
35 paid by the employer to each employee participating in the

1 housing assistance program shall be credited from the payment
2 made by an employer pursuant to section 422.16. If the amount
3 of the withholding by the employer is less than one and one-
4 half percent of the gross wages paid to the employees, then
5 the employer shall receive a credit against other withholding
6 taxes due by the employer. The employer shall deposit the
7 amount of the credit quarterly into a housing assistance fund
8 created by the business out of which the business shall
9 provide employees enrolled in the housing assistance program
10 with down payment assistance or rental assistance.

11 (2) A business may enter into an agreement with the county
12 or city designating the enterprise zone pursuant to section
13 15E.194 to borrow initial moneys to fund a housing assistance
14 program. The county or city may appropriate from the general
15 fund of the county or city for the assistance program an
16 amount not to exceed an amount estimated by the department of
17 revenue and finance to be equal to the total amount of credit
18 from withholding for employees determined by the business to
19 be enrolled in the program during the first two years. The
20 business shall pay the principal and interest on the loan out
21 of moneys received from the credit from withholding provided
22 for in subparagraph (1). The terms of the loan agreement
23 shall include the principal amount, the interest rate, the
24 terms of repayment, and the term of the loan. The terms of
25 the loan agreement shall not extend beyond the period during
26 which the enterprise zone is certified.

27 (3) The employer shall certify to the department of
28 revenue and finance that the credit from withholding is in
29 accordance with an agreement and shall provide other
30 information the department may require.

31 (4) An employee participating in the housing assistance
32 program will receive full credit for the amount withheld as
33 provided in section 422.16.

34 EXPLANATION

35 This bill makes amendments to the economic development

1 enterprise zone legislation enacted during the 1997
2 legislative session.

3 The bill creates a new type of eligible business. A
4 housing business that builds or rehabilitates a minimum of
5 four single-family homes or a multiple dwelling unit building
6 containing three or more individual dwelling units located in
7 a designated enterprise zone shall be considered an eligible
8 housing business. In order to receive incentives and
9 assistance under the program, an eligible housing business
10 must apply to the applicable enterprise zone commission for
11 consideration and must have an application approved by the
12 department of economic development. An approved eligible
13 housing business shall receive a sales, services, and use tax
14 refund and a 10 percent new investment income tax credit. The
15 bill requires the business to repay all or a portion of the
16 incentives and assistance received if the business fails to
17 maintain the requirements. The bill requires all enterprise
18 zone commissions to examine and evaluate building codes and
19 zoning in the enterprise zone in an effort to promote more
20 affordable housing development.

21 The bill amends one of the incentives provided to eligible
22 businesses that are not housing businesses under the
23 enterprise zone program. As an alternative to using a new
24 jobs credit from withholding, a business may establish a
25 housing assistance program in the form of down payment
26 assistance and rental assistance for employees in new jobs who
27 buy or rent housing located within the enterprise zone. The
28 program shall be funded through a credit from withholding
29 based on the wages paid to the employees participating in the
30 housing program. The amount of the credit shall equal 1.5
31 percent of the gross wages paid by the employer to each
32 employee participating in the program. A business may enter
33 into a loan agreement with the county or city designating the
34 enterprise zone for initial moneys to fund the program. The
35 business shall pay the principal and interest on the loan out

1 of moneys received from the credit from withholding. An
2 employee participating in the housing assistance program shall
3 receive full credit for the amount withheld.

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H-8275

- 1 Amend House File 2251 as follows:
 2 1. Page 1, line 7, by inserting after the word
 3 "health." the following: "For the purposes of this
 4 section, "body piercing" means the piercing of the
 5 human body, other than the ear lobe, for purposes of
 6 ornamentation or pursuant to religious or cultural
 7 tradition."
 8 2. Page 1, line 10, by striking the word "minor."
 9 and inserting the following: "minor, without the
 10 consent of a parent or guardian."
 11 3. Page 1, line 17, by striking the words
 12 "establish and" and inserting the following:
 13 "establish,".
 14 4. Page 1, line 18, by inserting after the word
 15 "collect" the following: ", and retain".
 16 5. Page 1, by inserting after line 22 the
 17 following:
 18 "c. Establish minimum standards for individuals
 19 performing body piercing."
 20 6. Page 1, line 26, by striking the word "may"
 21 and inserting the following: "shall have the
 22 authority to".

By BERNAU of Story
 CARROLL of Poweshiek

H-8275 FILED MARCH 10, 1998
 OUT OF ORDER

(p. 583)

HOUSE FILE 2251

H-8276

- 1 Amend the amendment, H-8162, to House File 2251 as
 2 follows:
 3 1. Page 1, by inserting after line 1 the
 4 following:
 5 "____. Page 1, line 7, by inserting after the word
 6 "health." the following: "For the purposes of this
 7 section, "body piercing" means the piercing of the
 8 human body, other than the ear lobe, for purposes of
 9 ornamentation or pursuant to religious or cultural
 10 tradition."
 11 _____. Page 1, line 10, by striking the word
 12 "minor." and inserting the following: "minor, without
 13 the consent of a parent or guardian."
 14 _____. Page 1, line 17, by striking the words
 15 "establish and" and inserting the following:
 16 "establish,".
 17 _____. Page 1, line 18, by inserting after the word
 18 "collect" the following: ", and retain".
 19 _____. Page 1, by inserting after line 22 the
 20 following:
 21 "c. Establish minimum standards for individuals
 22 performing body piercing."
 23 _____. Page 1, line 26, by striking the word "may"
 24 and inserting the following: "shall have the
 25 authority to".
 26 2. By renumbering as necessary.

By CARROLL of Poweshiek

H-8276 FILED MARCH 10, 1998
 ADOPTED

(p. 583)