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APR 14 1997

WAYS & MEANS CALENDAR

HOUSE FILE

724

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 657)

(SUCCESSOR TO HSB 219)

Passed House, ^(P. 1324) Date 4-17-97

Passed Senate, Date 4/25/97 (P. 1479)

Vote: Ayes 79 Nays 18

Vote: Ayes 44 Nays 1

Approved May 14, 1997

A BILL FOR

1 An Act relating to investments in counties and cities by
2 providing for the establishment of enterprise zones in areas
3 of counties and cities for which tax incentives and assistance
4 are available for eligible businesses locating or located in
5 the enterprise zone.

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

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HF 724

1 Section 1. NEW SECTION. 15E.181 INTENT.

2 It is the intent of the general assembly that this division
3 be administered in a manner to promote new economic
4 development in economically distressed areas by encouraging
5 communities to target resources in ways that attract
6 productive private investment.

7 Sec. 2. NEW SECTION. 15E.182 ENTERPRISE ZONES.

8 1. A county may create an economic development enterprise
9 zone as authorized in this division, subject to certification
10 by the department of economic development, by designating up
11 to one percent of the county area for that purpose. A county
12 may establish more than one enterprise zone.

13 2. A city with a population of twenty-five thousand or
14 more may create an economic development enterprise zone as
15 authorized in this division, subject to certification by the
16 department of economic development, by designating one or more
17 contiguous census tracts, as determined in the most recent
18 federal census, for that purpose. In creating an enterprise
19 zone, a city with a population of twenty-five thousand or more
20 may designate as part of the area tracts located in a
21 contiguous city if such tracts meet the criteria and the city
22 agrees to being included. The city may establish more than
23 one enterprise zone. Reference in this division to "city"
24 means a city with a population of twenty-five thousand or
25 more.

26 3. A county or city may apply to the department for an
27 area to be certified as an enterprise zone at any time prior
28 to July 1, 2000. However, the total amount of land designated
29 as enterprise zones under subsections 1 and 2 shall not exceed
30 in the aggregate one percent of the total county area.

31 4. An enterprise zone designation shall remain in effect
32 for ten years following the date of certification. Any state
33 or local incentives or assistance that may be conferred must
34 be conferred before the designation expires. However, the
35 benefits of the incentive or assistance may continue beyond

1 the expiration.

2 Sec. 3. NEW SECTION. 15E.183 ELIGIBLE BUSINESS.

3 1. A business which is or will be located in an enterprise
4 zone is eligible to receive incentives and assistance under
5 this division if the business has not closed or reduced its
6 operation in one area of the state and relocated substantially
7 the same operation into the enterprise zone and if the
8 business meets all of the following:

9 a. Is not a retail business.

10 b. Pays at least eighty percent of the cost of a standard
11 medical and dental insurance plan for all full-time employees.

12 c. Pays an average wage that is at or greater than ninety
13 percent of the lesser of the average county wage or average
14 regional wage, as determined by the department. However, the
15 average wage paid by the business shall not be less than seven
16 dollars and fifty cents per hour.

17 d. Creates at least ten full-time positions and maintains
18 them for at least ten years.

19 e. Makes a one-time capital investment of at least five
20 hundred thousand dollars. If the business is occupying a
21 vacant building suitable for industrial use, the fair market
22 value of the building and land, not to exceed two hundred
23 fifty thousand dollars, shall be counted toward the capital
24 investment requirement. An existing business that has been
25 operating in the enterprise zone for at least five years is
26 exempt from the capital investment requirement of this
27 paragraph.

28 2. In addition to meeting the requirements under
29 subsection 1, an eligible business shall provide the
30 enterprise zone commission with all of the following:

31 a. The long-term strategic plan for the business which
32 shall include labor and infrastructure needs.

33 b. Information dealing with the benefits the business will
34 bring to the area.

35 c. Examples of why the business should be considered or

1 would be considered a good business enterprise.

2 d. The impact the business will have on other businesses
3 in competition with it.

4 e. An affidavit that it has not, within the last five
5 years, violated state or federal environmental and worker
6 safety statutes, rules, and regulations or if such violation
7 has occurred that there were mitigating circumstances or such
8 violations did not seriously affect public health or safety or
9 the environment.

10 Sec. 4. NEW SECTION. 15E.184 DISTRESS CRITERIA.

11 1. An enterprise zone may be designated by a county in an
12 area which meets at least two of the following criteria:

13 a. The area has an average weekly wage that ranks among
14 the bottom twenty-five counties in the state based on the 1995
15 annual average weekly wage for employees in private business.

16 b. The area has a family poverty rate that ranks among the
17 top twenty-five counties in the state based on the 1990
18 census.

19 c. The area has experienced a percentage population loss
20 that ranks among the top twenty-five counties in the state
21 between 1990 and 1995.

22 d. The area has a percentage of persons sixty-five years
23 of age or older that ranks among the top twenty-five counties
24 in the state based on the 1990 census.

25 2. An enterprise zone may be designated by a city which
26 meets at least two of the following criteria:

27 a. The area has a per capita income of nine thousand six
28 hundred dollars or less based on the 1990 census.

29 b. The area has a family poverty rate of twelve percent or
30 higher based on the 1990 census.

31 c. Ten percent or more of the housing units are vacant in
32 the area.

33 d. The valuations of each class of property in the
34 designated area is seventy-five percent or less of the
35 citywide average for that classification based upon the most

1 recent valuations for property tax purposes.

2 3. The department of economic development shall certify
3 eligible enterprise zones that meet the requirements of
4 subsection 1 upon request by the county or subsection 2 upon
5 request by the city, as applicable.

6 Sec. 5. NEW SECTION. 15E.185 ENTERPRISE ZONE COMMISSION.

7 1. A county in which an eligible enterprise zone is
8 certified shall establish an enterprise zone commission to
9 review applications from qualified businesses located within
10 or requesting to locate within an enterprise zone to receive
11 incentives or assistance as provided in section 15E.186. The
12 commission shall consist of nine members. Five of these
13 members shall consist of one representative of the board of
14 supervisors, one member with economic development expertise
15 chosen by the department of economic development, one
16 representative of the county zoning board, one member of the
17 local community college board of directors, and one
18 representative of the local workforce development center.
19 These five members shall select the remaining four members.
20 However, if the enterprise zone qualifies under the city
21 criteria, one of the four members shall be a representative of
22 an international labor organization and if an enterprise zone
23 is located in any city, a representative, chosen by the city
24 council, of each such city may be a member of the commission.
25 A county shall have only one enterprise zone commission.

26 2. The commission may adopt more stringent requirements
27 for a business to be eligible for incentives or assistance
28 than provided in section 15E.183. The commission may develop
29 as an additional requirement that preference in hiring be
30 given to individuals who live within the enterprise zone. The
31 commission shall work with the local workforce development
32 center to determine the labor availability in the area.

33 3. If the enterprise zone commission determines that a
34 business qualifies for inclusion in an enterprise zone and is
35 eligible to receive incentives or assistance as provided in

1 section 15E.186, the commission shall submit an application
2 for incentives or assistance to the department of economic
3 development. The department may approve, defer, or deny the
4 application.

5 4. In making its decision, the commission or department
6 shall consider the impact of the eligible business on other
7 businesses in competition with it and compare the compensation
8 package of businesses in competition with the business being
9 considered for incentives or assistance. The commission or
10 department shall make a good faith effort to identify existing
11 Iowa businesses within an industry in competition with the
12 business being considered for incentives or assistance. The
13 commission or department shall also make a good faith effort
14 to determine the probability that the proposed incentives or
15 assistance will displace employees of existing businesses. In
16 determining the impact on businesses in competition with the
17 business seeking incentives or assistance, jobs created as a
18 result of other jobs being displaced elsewhere in the state
19 shall not be considered direct jobs created.

20 However, if the commission or department finds that an
21 eligible business has a record of violations of the law,
22 including but not limited to environmental and worker safety
23 statutes, rules, and regulations, over a period of time that
24 tends to show a consistent pattern, the eligible business
25 shall not qualify for incentives or assistance under section
26 15E.186, unless the commission or department finds that the
27 violations did not seriously affect public health or safety or
28 the environment, or if it did that there were mitigating
29 circumstances. In making the findings and determinations
30 regarding violations, mitigating circumstances, and whether an
31 eligible business is eligible for incentives or assistance
32 under section 15E.186, the commission or department shall be
33 exempt from chapter 17A. If requested by the commission or
34 department, the business shall provide copies of materials
35 documenting the type of violation, any fees or penalties

1 assessed, court filings, final disposition of any findings and
2 any other information which would assist the commission or
3 department in assessing the nature of any violation.

4 5. A business that is approved to receive incentives or
5 assistance shall, for the length of its designation as an
6 enterprise zone business, certify annually to the county or
7 city, as applicable, and the department of economic
8 development its compliance with the requirements of section
9 15E.183.

10 Sec. 6. NEW SECTION. 15E.186 INCENTIVES -- ASSISTANCE.

11 For purposes of determining the incentives or assistance
12 provided in this section, "eligible business" means a business
13 which has been approved to receive incentives and assistance
14 by the department of economic development pursuant to
15 application as provided in section 15E.185. The incentives
16 and assistance provided under this division for businesses
17 located in enterprise zones shall be for a period not to
18 exceed ten years and shall include all of the following:

19 1. New jobs credit from withholding, as provided in
20 section 15.331.

21 2. Sales, services, and use tax refund, as provided in
22 section 15.331A.

23 3. Investment tax credit, as provided in section 15.333.

24 4. Research activities credit, as provided in section
25 15.335.

26 5. The county or city for which an eligible enterprise
27 zone is certified may exempt from all property taxation all or
28 a portion of the property upon which an eligible business
29 locates or expands in an enterprise zone and which is used in
30 the operation of the eligible business. The exemption may be
31 allowed for a period not to exceed ten years beginning the
32 year the eligible business enters into an agreement with the
33 county or city to locate or expand operations in an enterprise
34 zone.

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EXPLANATION

1 The bill authorizes a county to designate up to 1 percent
2 of its total area as enterprise zones for a period of 10
3 years. A city with a population of 25,000 or more may
4 designate more than one or more contiguous census tracts as
5 enterprise zones. However, the total amount of land that may
6 be in these city and county zones cannot exceed in the
7 aggregate 1 percent of the total area of the county. In
8 addition, the department of economic development must approve
9 any such designation.

10 In order for an area to be designated an enterprise zone,
11 at least two of four criteria must be met. In the case of
12 county-designated areas, these are having an average weekly
13 wage that ranks among the bottom 25 counties based upon 1995
14 statistics; family poverty rate that ranks among the top 25
15 counties based upon the 1990 census; percentage population
16 loss that ranks among the top 25 counties between 1990 and
17 1995; and a percentage of persons 65 years old that ranks
18 among the top 25 counties. In the case of city-designated
19 areas these are having per capita income of \$9,600 or less,
20 poverty rate of 12 percent or more, and 10 percent or more of
21 housing units are vacant, all according to the 1990 census,
22 and the valuations in the area equal 75 percent or less of the
23 average for the city.

24 A business that is or will be located in the enterprise
25 zone shall receive incentives or assistance if the business
26 meets all of certain eligibility criteria. These criteria
27 include paying at least 80 percent of the cost of standard
28 medical and dental insurance, paying at least 90 percent of
29 the lesser of the average county wage or average regional wage
30 with a minimum wage of \$7.50 per hour, creation of at least 10
31 new jobs, and making a capital investment of at least
32 \$500,000. Retail businesses are not eligible nor are
33 businesses that move similar operations from another part of
34 the state to the enterprise zone. The county or city may
35 establish more stringent criteria than these.

1 The incentives and assistance that shall be provided are a
2 one and one-half percent credit from withholding of income tax
3 from wages of new employees for training new employees to work
4 in the zone, refund of sales and use taxes for utility
5 services furnished in the zone and for materials used in
6 construction contracts done in the zone, investment tax credit
7 for investments made in the zone, credit for increasing
8 research activities in the state, and exemption from all
9 property taxation for property used in the business in the
10 zone if the county or city so decides.

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HOUSE FILE 724
FISCAL NOTE

A fiscal note for House File 724 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 724 (Enterprise Zone Bill) allows cities over 25,000 persons and certain economically-disadvantaged counties to designate up to 1.0% of the county's land area as an Enterprise Zone. Certain businesses within the Enterprise Zone would be eligible for tax incentives similar to those under the New Jobs and Income Program (NJIP). All applications for Zone designation must be received by June 30, 2000. Zones remain in effect for 10 years. Benefits conferred during that 10-year period remain in effect for 10 years after the benefit is conferred.

BACKGROUND

Twenty-six counties would be eligible to designate up to 1.0% of the county area as an Enterprise Zone. Seventeen cities have a population in excess of 25,000. It is not known how many of these cities have census tracts that qualify.

To be eligible for the incentives, a company within an approved Enterprise Zone must:

1. Not be a retail business.
2. Not have closed or substantially reduced its operation in another part of the State.
3. Provide and pay at least 80.0% of a standard medical and dental insurance plan.
4. Pay an average wage (including management positions) that is greater than 90.0% of the average county wage or average regional wage, whichever is lower. However, the average wage cannot be less than \$7.50 per hour.
5. Create at least 10 full-time positions and maintains them for at least 10 years.
6. Makes a one-time capital investment of \$500,000. Vacant industrial property occupied by the business shall count towards the capital investment requirement. The Bill does not require the business to own the property. An exemption from the capital investment requirement is provided for a business that has been operating within the Enterprise Zone for at least five years.

The benefits available to eligible businesses in an approved Enterprise Zone shall be for 10 years and include:

1. A credit from withholding equal to 1.5% of the gross wages paid by the eligible business. This credit is in addition to the 1.5% allowed under the New Jobs Credit from withholding under Section 260E.5, Code of Iowa. The money can be used to provide employee training or may be used for

capital investment within the Zone.

2. A refund of certain Sales and Use Tax paid during the construction of the project.
3. A property tax exemption for up to 10 years for all property of the business located within the Zone and used for the operation of the business, subject to local approval.
4. A Corporate Tax Credit of up to 10.0% of the investment that is directly related to the creation of the new jobs.
5. A Research Activities Corporate Tax Credit equal to 6.5% of qualified research expenditures. This is in addition to the 6.5% credit allowed under Section 422.33(5), Code of Iowa.

ASSUMPTIONS

1. Assume 30 companies would be approved for benefits each year for three years, for a total of 90 companies. Twenty companies per year would benefit each year for another 10 years, for an additional 200 companies.
2. Assume the average company would have the following financial status:
 - A. New capital investment = \$2,000,000
 - B. Annual payroll for 50 employees = \$950,000
 - C. Property exempt from property taxation = \$2,000,000
 - D. Local property tax rate of \$30.00 per \$1,000
 - E. Construction costs subject to Sales and Use Tax that would be exempt under the Bill = \$1,000,000
 - F. Annual research activity expenditures = \$20,000
 - G. Each company has sufficient Iowa tax liability to utilize all tax credits allowed.
 - H. All allowable property tax exemptions will be granted at the local level.
 - I. Although the Bill takes effect beginning in FY 1998, the fiscal impact would not begin to occur until FY 1999, due to delays related to the designation and approval process.

FISCAL IMPACT

The fiscal impact can be categorized as follows:

1. A decrease in sales, use, property, and income taxes due to the direct benefits to eligible companies located in the Enterprise Zones. The reduction in General Fund revenues is projected to be \$2.0 million FY 1999, \$3.9 million in FY 2000, reaching a maximum of \$15.0 million in FY 2008.

The impact on local property tax revenue would be \$1.8 million in FY 2001, \$3.6 million in FY 2002, reaching a maximum of \$13.8 million in FY 2010. Approximately 18.0% of the local property tax reduction would be paid by the State through the operation of the School Aid Formula.

The direct costs would only occur to the extent that the benefits are granted to companies that would have produced the new jobs (not just in the Zone but anywhere in the State) without the Enterprise Zone

-3-

designation. Therefore, if one-half of the projects approved for Enterprise Zone benefits would not have made the investment and created the jobs absent the Zone designation, then the direct fiscal impact on revenues would be reduced by one-half. The actual percentage cannot be estimated.

2. An increase in sales, use, property, income, and other taxes due to capital investment and the creation or retention of jobs that would not exist without the incentives available due to the Zone designation.
3. A decrease in sales, use, property, income, and other taxes due to the loss of capital and jobs at other Iowa companies that have to compete for sales, capital, and labor with the businesses that benefit from the Zone designation.
4. The increased jobs and capital investment would create an increased demand for State and local government service, which would result in increased government costs.
5. The Department of Economic Development would require \$80,500 and 1.5 FTE positions per year to implement the program.

SOURCE

Department of Economic Development

(LSB 2714hz, JWR)

FILED APRIL 16, 1997

BY DENNIS PROUTY, FISCAL DIRECTOR

H-1767

- 1 Amend House File 724 as follows:
- 2 1. Page 2, line 12, by striking the word "ninety"
- 3 and inserting the following: "one hundred".

By JOCHUM of Dubuque
OSTERHAUS of Jackson

H-1767 FILED APRIL 16, 1997

Order 4-17-97 (P. 1318)

HOUSE FILE 724

H-1768

- 1 Amend House File 724 as follows:
- 2 1. Page 1, lines 13 and 14, by striking the words
- 3 "with a population of twenty-five thousand or more".
- 4 2. Page 1, line 17, by inserting after the word
- 5 "tracts," the following: "block numbering areas, or
- 6 block groups, or by designating census-designated
- 7 places".
- 8 3. Page 1, line 19, by striking the words "with a
- 9 population of twenty-five thousand or more".
- 10 4. Page 1, line 20, by inserting after the word
- 11 "tracts" the following: ", block numbering areas,
- 12 block groups, or designated places".
- 13 5. Page 1, line 21, by inserting after the word
- 14 "tracts" the following: ", block numbering areas,
- 15 block groups, or designated places".
- 16 6. Page 1, by striking lines 23 through 25 and
- 17 inserting the following: "one enterprise zone."

By WEIGEL of Chickasaw

H-1768 FILED APRIL 16, 1997

Roll 4-17-97 (P. 1316)

HOUSE FILE 724

H-1770

- 1 Amend House File 724 as follows:
- 2 1. Page 2, line 16, by inserting after the word
- 3 "hour." the following: "However, where the enterprise
- 4 zone is located in a county with a population in
- 5 excess of two hundred fifty thousand and where the
- 6 enterprise zone does not consist of a designated urban
- 7 enterprise community under Title XIII of the federal
- 8 Omnibus Budget Reconciliation Act of 1993, the
- 9 business shall pay an average wage that is at or
- 10 greater than one hundred percent of the average county
- 11 wage."

By CHIODO of Polk

H-1770 FILED APRIL 16, 1997

Roll 4-17-97 (P. 1319)

HOUSE FILE 724

H-1760

- 1 Amend House File 724 as follows:
- 2 1. Page 2, line 12, by striking the word "ninety"
- 3 and inserting the following: "one hundred".
- 4 2. Page 2, by striking line 13 and inserting the
- 5 following: "percent of the average county".
- 6 3. Page 2, line 14, by striking the word
- 7 "regional".

By WEIGEL of Chickasaw

H-1760 FILED APRIL 16, 1997

A. Roll 4-17-97 (P. 1318)

B. Roll 4-17-97 (P. 1318)

HOUSE FILE 724

H-1745

1 Amend House File 724 as follows:
 2 1. Page 6, line 34, by inserting after the word
 3 "zone." the following: "A city or county that will
 4 exempt from property taxation all or a portion of the
 5 property of an eligible business shall notify by mail
 6 the school district or districts in which the property
 7 is located. However, property shall not be exempt
 8 from the property taxes certified by a school district
 9 in which the property is located if the board of
 10 directors of the school district passes, within sixty
 11 days of receipt of the notification, a resolution
 12 specifying that the property of the eligible business
 13 is not exempt from school property taxes."

By RICHARDSON of Warren

H-1745 FILED APRIL 15, 1997

Lost 4-17-97 (p. 1321)

HOUSE FILE 724

H-1746

1 Amend House File 724 as follows:
 2 1. Page 1, lines 13 and 14, by striking the words
 3 "with a population of twenty-five thousand or more".
 4 2. Page 1, line 19, by striking the words "with a
 5 population of twenty-five thousand or more".
 6 3. Page 1, by striking lines 23 through 25 and
 7 inserting the following: "one enterprise zone."

By WEIGEL of Chickasaw

H-1746 FILED APRIL 15, 1997

WITHDRAWN 4-17-97

(P 1316)

HOUSE FILE 724

H-1747

1 Amend House File 724 as follows:
 2 1. Page 2, line 16, by inserting after the word
 3 "hour." the following: "However, in a county with a
 4 population in excess of two hundred fifty thousand,
 5 the business shall pay an average wage that is at or
 6 greater than one hundred percent of the average county
 7 wage."

By CHIODO of Polk

H-1747 FILED APRIL 15, 1997

WITHDRAWN
4-17-97 (P 1319)

HOUSE FILE 724

H-1748

1 Amend House File 724 as follows:
 2 1. Page 2, by inserting after line 8 the
 3 following:
 4 "_____. Is not a meatpacking business, if the
 5 enterprise zone is located in a city with a population
 6 in excess of one hundred eighty thousand."

By CHIODO of Polk

H-1748 FILED APRIL 15, 1997

*Lost 4-17-97
(p. 1317)*

HOUSE FILE 724

H-1779

- 1 Amend House File 724 as follows:
2 1. Page 1, line 18, by inserting after the word
3 "purpose." the following: "If there is an area in the
4 city which is a designated urban enterprise community
5 under Title XIII of the federal Omnibus Budget
6 Reconciliation Act of 1993, such area shall be
7 designated by the state an economic development
8 enterprise zone. The area within a designated urban
9 enterprise community shall not be included for the
10 purpose of determining the area limitation pursuant to
11 subsection 3."
12 2. Page 4, line 19, by inserting after the words
13 "four members." the following: "If the enterprise
14 zone consists of a designated urban enterprise
15 community under Title XIII of the federal Omnibus
16 Budget Reconciliation Act of 1993, one of the
17 remaining four members shall be a representative of
18 that zone."

By FORD of Polk

H-1779 FILED APRIL 17, 1997
ADOPTED (P. 1323)

HOUSE FILE 724

H-1798

- 1 Amend House File 724 as follows:
2 1. Page 2, line 9, by inserting after the word
3 "business" the following: "or a livestock confinement
4 operation".

By WEIGEL of Chickasaw

H-1798 FILED APRIL 17, 1997
WITHDRAWN (P. 1323)

HOUSE FILE 724

H-1804

- 1 Amend House File 724 as follows:
2 1. Page 2, by striking line 9.
3 2. By renumbering as necessary.

By HUSER of Polk

H-1804 FILED APRIL 17, 1997
LOST (P. 1323)

HOUSE FILE 724

H-1808

1 Amend House File 724 as follows:
2 1. Page 2, by inserting after line 8 the
3 following:
4 "____. Is not a meatpacking business if the
5 enterprise zone is located in a county with a
6 population of at least two hundred fifty thousand
7 unless the business will be located in the part of the
8 enterprise zone which is west of Iowa state highway 28
9 or west of a line extending north from the point at
10 which Iowa state highway 28 intersects with United
11 States interstate 80."

By CHIODO of Polk
HUSER of Polk
FALLON of Polk

H-1808 FILED APRIL 17, 1997
LOST (P. 1322)

HOUSE FILE 724

H-1809

1 Amend House File 724 as follows:
2 1. Page 4, line 24, by inserting after the word
3 "commission." the following: "However, if there is a
4 city or cities contiguous to a city in which is
5 located an enterprise zone, then one of the four
6 remaining members shall be a representative of the
7 contiguous city which is closest to the border of the
8 enterprise zone."

By HUSER of Polk
CONNORS of Polk

H-1809 FILED APRIL 17, 1997
LOST
(P. 1321)

HOUSE FILE 724

H-1773

1 Amend House File 724 as follows:

2 1. Page 2, line 15, by striking the word

A 3 "average".

4 2. Page 3, lines 11 and 12, by striking the words
5 "in an area".6 3. Page 3, line 13, by striking the word "area"
7 and inserting the following: "county".8 4. Page 3, line 16, by striking the word "area"
9 and inserting the following: "county".B 10 5. Page 3, line 19, by striking the word "area"
11 and inserting the following: "county".12 6. Page 3, line 22, by striking the word "area"
13 and inserting the following: "county".

By JENKINS of Black Hawk

H-1773 FILED APRIL 17, 1997

DIV A - ADOPTED DIV B - ADOPTED (P. 1320)
(P. 1319)

HOUSE FILE 724

H-1777

1 Amend House File 724 as follows:

2 1. Page 1, by inserting before line 1 the
3 following:4 "Section 1. Section 15.102, Code 1997, is amended
5 by adding the following new subsection:6 NEW SUBSECTION. 6. "Average regional wage" means
7 an arithmetic mean computed from all values in the
8 counties or other areas as a whole which comprise the
9 region."

By WEIGEL of Chickasaw

H-1777 FILED APRIL 17, 1997

LOST (P. 1323)

HOUSE FILE 724

H-1778

1 Amend House File 724 as follows:

2 1. Page 2, line 18, by inserting after the word

3 "years." the following: "For an existing business in

4 counties with a population of ten thousand or less,

5 the commission may adopt a provision that allows the

6 business to create at least five initial jobs with the

7 additional jobs to be added in five years. The

8 business shall include in its strategic plan the

9 timeline for job creation. If the existing business

10 fails to meet the ten-job creation requirement within

11 the five-year period all incentives or assistance will

12 cease immediately."

By DRAKE of Pottawattamie
JENKINS of Black Hawk

H-1778 FILED APRIL 17, 1997

ADOPTED

(P. 1319)

5-4/23/97 Amend/Do Pass
w/ 53736
5-4/25/97 N. Pass Approps.

HOUSE FILE 724
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 657)
(SUCCESSOR TO HSB 219)

(As Amended and Passed by the House, April 17, 1997)

Passed House, Date 4/28/97 (P. 1626) Passed Senate, Date 4/25/97 (P. 1479)
Vote: Ayes 80 Nays 18 Vote: Ayes 44 Nays 1
Approved May 14, 1997
(P. 1505) Passed 4-28-97
Vote 48-2

A BILL FOR

1 An Act relating to investments in counties and cities by
2 providing for the establishment of enterprise zones in areas
3 of counties and cities for which tax incentives and assistance
4 are available for eligible businesses locating or located in
5 the enterprise zone.

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

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House Amendments _____

Deleted Language *

1 Section 1. NEW SECTION. 15E.181 INTENT.

2 It is the intent of the general assembly that this division
3 be administered in a manner to promote new economic
4 development in economically distressed areas by encouraging
5 communities to target resources in ways that attract
6 productive private investment.

7 Sec. 2. NEW SECTION. 15E.182 ENTERPRISE ZONES.

8 1. A county may create an economic development enterprise
9 zone as authorized in this division, subject to certification
10 by the department of economic development, by designating up
11 to one percent of the county area for that purpose. A county
12 may establish more than one enterprise zone.

13 2. A city with a population of twenty-five thousand or
14 more may create an economic development enterprise zone as
15 authorized in this division, subject to certification by the
16 department of economic development, by designating one or more
17 contiguous census tracts, as determined in the most recent
18 federal census, for that purpose. If there is an area in the
19 city which is a designated urban enterprise community under
20 Title XIII of the federal Omnibus Budget Reconciliation Act of
21 1993, such area shall be designated by the state an economic
22 development enterprise zone. The area within a designated
23 urban enterprise community shall not be included for the
24 purpose of determining the area limitation pursuant to
25 subsection 3. In creating an enterprise zone, a city with a
26 population of twenty-five thousand or more may designate as
27 part of the area tracts located in a contiguous city if such
28 tracts meet the criteria and the city agrees to being
29 included. The city may establish more than one enterprise
30 zone. Reference in this division to "city" means a city with
31 a population of twenty-five thousand or more.

32 3. A county or city may apply to the department for an
33 area to be certified as an enterprise zone at any time prior
34 to July 1, 2000. However, the total amount of land designated
35 as enterprise zones under subsections 1 and 2 shall not exceed

1 in the aggregate one percent of the total county area.

2 4. An enterprise zone designation shall remain in effect
3 for ten years following the date of certification. Any state
4 or local incentives or assistance that may be conferred must
5 be conferred before the designation expires. However, the
6 benefits of the incentive or assistance may continue beyond
7 the expiration.

8 Sec. 3. NEW SECTION. 15E.183 ELIGIBLE BUSINESS.

9 1. A business which is or will be located in an enterprise
10 zone is eligible to receive incentives and assistance under
11 this division if the business has not closed or reduced its
12 operation in one area of the state and relocated substantially
13 the same operation into the enterprise zone and if the
14 business meets all of the following:

15 a. Is not a retail business.

16 b. Pays at least eighty percent of the cost of a standard
17 medical and dental insurance plan for all full-time employees.

18 c. Pays an average wage that is at or greater than ninety
19 percent of the lesser of the average county wage or average
20 regional wage, as determined by the department. However, the
*21 wage paid by the business shall not be less than seven dollars
22 and fifty cents per hour.

23 d. Creates at least ten full-time positions and maintains
24 them for at least ten years. For an existing business in
25 counties with a population of ten thousand or less, the
26 commission may adopt a provision that allows the business to
27 create at least five initial jobs with the additional jobs to
28 be added in five years. The business shall include in its
29 strategic plan the timeline for job creation. If the existing
30 business fails to meet the ten-job creation requirement within
31 the five-year period all incentives or assistance will cease
32 immediately.

33 e. Makes a one-time capital investment of at least five
34 hundred thousand dollars. If the business is occupying a
35 vacant building suitable for industrial use, the fair market

1 value of the building and land, not to exceed two hundred
2 fifty thousand dollars, shall be counted toward the capital
3 investment requirement. An existing business that has been
4 operating in the enterprise zone for at least five years is
5 exempt from the capital investment requirement of this
6 paragraph.

7 2. In addition to meeting the requirements under
8 subsection 1, an eligible business shall provide the
9 enterprise zone commission with all of the following:

- 10 a. The long-term strategic plan for the business which
11 shall include labor and infrastructure needs.
- 12 b. Information dealing with the benefits the business will
13 bring to the area.
- 14 c. Examples of why the business should be considered or
15 would be considered a good business enterprise.
- 16 d. The impact the business will have on other businesses
17 in competition with it.
- 18 e. An affidavit that it has not, within the last five
19 years, violated state or federal environmental and worker
20 safety statutes, rules, and regulations or if such violation
21 has occurred that there were mitigating circumstances or such
22 violations did not seriously affect public health or safety or
23 the environment.

24 Sec. 4. NEW SECTION. 15E.184 DISTRESS CRITERIA.

* 25 1. An enterprise zone may be designated by a county which
26 meets at least two of the following criteria:

27 a. The county has an average weekly wage that ranks among
28 the bottom twenty-five counties in the state based on the 1995
29 annual average weekly wage for employees in private business.

30 b. The county has a family poverty rate that ranks among
31 the top twenty-five counties in the state based on the 1990
32 census.

33 c. The county has experienced a percentage population loss
34 that ranks among the top twenty-five counties in the state
35 between 1990 and 1995.

1 d. The county has a percentage of persons sixty-five years
2 of age or older that ranks among the top twenty-five counties
3 in the state based on the 1990 census.

4 2. An enterprise zone may be designated by a city which
5 meets at least two of the following criteria:

6 a. The area has a per capita income of nine thousand six
7 hundred dollars or less based on the 1990 census.

8 b. The area has a family poverty rate of twelve percent or
9 higher based on the 1990 census.

10 c. Ten percent or more of the housing units are vacant in
11 the area.

12 d. The valuations of each class of property in the
13 designated area is seventy-five percent or less of the
14 citywide average for that classification based upon the most
15 recent valuations for property tax purposes.

16 3. The department of economic development shall certify
17 eligible enterprise zones that meet the requirements of
18 subsection 1 upon request by the county or subsection 2 upon
19 request by the city, as applicable.

20 Sec. 5. NEW SECTION. 15E.185 ENTERPRISE ZONE COMMISSION.

21 1. A county in which an eligible enterprise zone is
22 certified shall establish an enterprise zone commission to
23 review applications from qualified businesses located within
24 or requesting to locate within an enterprise zone to receive
25 incentives or assistance as provided in section 15E.186. The
26 commission shall consist of nine members. Five of these
27 members shall consist of one representative of the board of
28 supervisors, one member with economic development expertise
29 chosen by the department of economic development, one
30 representative of the county zoning board, one member of the
31 local community college board of directors, and one
32 representative of the local workforce development center.

33 These five members shall select the remaining four members.

34 If the enterprise zone consists of a designated urban
35 enterprise community under Title XIII of the federal Omnibus

1 Budget Reconciliation Act of 1993, one of the remaining four
2 members shall be a representative of that zone. However, if
3 the enterprise zone qualifies under the city criteria, one of
4 the four members shall be a representative of an international
5 labor organization and if an enterprise zone is located in any
6 city, a representative, chosen by the city council, of each
7 such city may be a member of the commission. A county shall
8 have only one enterprise zone commission.

9 2. The commission may adopt more stringent requirements
10 for a business to be eligible for incentives or assistance
11 than provided in section 15E.183. The commission may develop
12 as an additional requirement that preference in hiring be
13 given to individuals who live within the enterprise zone. The
14 commission shall work with the local workforce development
15 center to determine the labor availability in the area.

16 3. If the enterprise zone commission determines that a
17 business qualifies for inclusion in an enterprise zone and is
18 eligible to receive incentives or assistance as provided in
19 section 15E.186, the commission shall submit an application
20 for incentives or assistance to the department of economic
21 development. The department may approve, defer, or deny the
22 application.

23 4. In making its decision, the commission or department
24 shall consider the impact of the eligible business on other
25 businesses in competition with it and compare the compensation
26 package of businesses in competition with the business being
27 considered for incentives or assistance. The commission or
28 department shall make a good faith effort to identify existing
29 Iowa businesses within an industry in competition with the
30 business being considered for incentives or assistance. The
31 commission or department shall also make a good faith effort
32 to determine the probability that the proposed incentives or
33 assistance will displace employees of existing businesses. In
34 determining the impact on businesses in competition with the
35 business seeking incentives or assistance, jobs created as a

1 result of other jobs being displaced elsewhere in the state
2 shall not be considered direct jobs created.

3 However, if the commission or department finds that an
4 eligible business has a record of violations of the law,
5 including but not limited to environmental and worker safety
6 statutes, rules, and regulations, over a period of time that
7 tends to show a consistent pattern, the eligible business
8 shall not qualify for incentives or assistance under section
9 15E.186, unless the commission or department finds that the
10 violations did not seriously affect public health or safety or
11 the environment, or if it did that there were mitigating
12 circumstances. In making the findings and determinations
13 regarding violations, mitigating circumstances, and whether an
14 eligible business is eligible for incentives or assistance
15 under section 15E.186, the commission or department shall be
16 exempt from chapter 17A. If requested by the commission or
17 department, the business shall provide copies of materials
18 documenting the type of violation, any fees or penalties
19 assessed, court filings, final disposition of any findings and
20 any other information which would assist the commission or
21 department in assessing the nature of any violation.

22 5. A business that is approved to receive incentives or
23 assistance shall, for the length of its designation as an
24 enterprise zone business, certify annually to the county or
25 city, as applicable, and the department of economic
26 development its compliance with the requirements of section
27 15E.183.

28 Sec. 6. NEW SECTION. 15E.186 INCENTIVES -- ASSISTANCE.

29 For purposes of determining the incentives or assistance
30 provided in this section, "eligible business" means a business
31 which has been approved to receive incentives and assistance
32 by the department of economic development pursuant to
33 application as provided in section 15E.185. The incentives
34 and assistance provided under this division for businesses
35 located in enterprise zones shall be for a period not to

1 exceed ten years and shall include all of the following:

2 1. New jobs credit from withholding, as provided in
3 section 15.331.

4 2. Sales, services, and use tax refund, as provided in
5 section 15.331A.

6 3. Investment tax credit, as provided in section 15.333.

7 4. Research activities credit, as provided in section
8 15.335.

9 5. The county or city for which an eligible enterprise
10 zone is certified may exempt from all property taxation all or
11 a portion of the property upon which an eligible business
12 locates or expands in an enterprise zone and which is used in
13 the operation of the eligible business. The exemption may be
14 allowed for a period not to exceed ten years beginning the
15 year the eligible business enters into an agreement with the
16 county or city to locate or expand operations in an enterprise
17 zone.

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HOUSE FILE 724

S-3780

1 Amend House File 724, as amended, passed, and
 2 reprinted by the House, as follows:
 3 1. Page 7, by inserting after line 17 the
 4 following:
 5 "Sec. ____ . 1997 Iowa Acts, House File 655, section
 6 1, subsection 2, paragraph a, unnumbered paragraph 1,
 7 is amended to read as follows:
 8 For salaries, support, maintenance, miscellaneous
 9 purposes, for not more than the following full-time
 10 equivalent positions, for allocating \$495,000 to
 11 support activities in conjunction with the Iowa
 12 manufacturing technology center, \$150,000 to the
 13 graphic arts center, and \$100,000 to the university of
 14 northern Iowa for operation of industrial technology
 15 programs at the ag based industrial lubrication
 16 center:

17	\$	3,916,397
18		3,996,897
19	FTEs	<u>17.76</u>
20		<u>19.26"</u>

21 2. Title page, line 5, by inserting after the
 22 word "zone" the following: "and increasing an
 23 appropriation".

By JOANN DOUGLAS

S-3780 FILED APRIL 25, 1997
 ADOPTED (p. 1459)

HOUSE FILE 724

S-3781

1 Amend House File 724, as amended, passed, and
 2 reprinted by the House, as follows:
 3 1. By striking page 3, line 27, through page 4,
 4 line 5.
 5 2. Page 4, by striking lines 18 and 19 and
 6 inserting the following: "subsection 1 upon request
 7 by the county."

By TOM VILSACK

S-3781 FILED APRIL 25, 1997
 WITHDRAWN (p. 1462)

HOUSE FILE 724

S-3777

- 1 Amend House File 724, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 1, line 14, by inserting after the word
4 "more" the following: ", as shown by the 1990
5 certified federal census,".
6 2. Page 1, line 26, by inserting after the word
7 "more" the following: ", as shown by the 1990
8 certified federal census,".
9 3. Page 1, line 31, by inserting after the word
10 "more" the following: ", as shown by the 1990
11 certified federal census,".

By JOANN DOUGLAS

S-3777 FILED APRIL 25, 1997
ADOPTED (p.1458)

HOUSE FILE 724

S-3778

- 1 Amend House File 724, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 3, line 5, by inserting after the word
4 "from" the following: "two hundred fifty thousand
5 dollars of".

By SHELDON RITTMER

S-3778 FILED APRIL 25, 1997
ADOPTED (p.1461)

HOUSE FILE 724

S-3774

- 1 Amend House File 724, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 1, line 13, by striking the word "twenty-
4 five" and inserting the following: "twenty-four".
5 2. Page 1, line 26, by striking the word "twenty-
6 five" and inserting the following: "twenty-four".
7 3. Page 1, line 31, by striking the word "twenty-
8 five" and inserting the following: "twenty-four".
9 4. Page 4, by inserting after line 15 the
10 following:
11 "e. The area is a blighted area, as defined in
12 section 403.17."

By JOANN DOUGLAS
DON GETTINGS
SHELDON RITTMERS-3774 FILED APRIL 25, 1997
ADOPTED (p.1458)

HOUSE FILE 724

S-3786

1 Amend House File 724, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 2, by inserting after line 7 the
4 following:
5 "_____. Notwithstanding any other provision of this
6 division, if an enterprise zone is located in the city
7 of Des Moines, the boundaries of the zone shall not
8 extend any further north than Army Post road, any
9 further west than southwest 42nd street, and further
10 east than Fleur drive, and any further south than the
11 Polk county and Warren county line."

By MATT McCOY

S-3786 FILED APRIL 25, 1997
WITHDRAWN (p. 1460)

HOUSE FILE 724

S-3787

1 Amend House File 724, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 2, line 15, by inserting after the word
4 "business" the following: "will not operate a meat
5 packing facility or related facility in the zone".

By MATT McCOY

S-3787 FILED APRIL 25, 1997
WITHDRAWN (p. 1460)

HOUSE FILE 724

S-3788

1 Amend House File 724, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 4, line 4, by inserting after the word
4 "city" the following: "or a county, which does not
5 qualify under subsection 1,".

By ANDY McKEAN

S-3788 FILED APRIL 25, 1997
LOST (p. 1462)

HOUSE FILE 724

S-3790

1 Amend House File 724, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 3, line 6, by inserting after the word
4 "paragraph" the following: "of up to two hundred
5 fifty thousand dollars of the fair market value, as
6 established by an appraisal, of the building and
7 land".

By TOM VILSACK
SHELDON RITTMERS-3790 FILED APRIL 25, 1997
ADOPTED (p. 1461)

HOUSE FILE 724

S-3783

1 Amend House File 724, as amended, passed, and
 2 reprinted by the House, as follows:
 3 1. Page 1, line 18, by inserting after the word
 4 "census" the following: "or designating other
 5 geographic units approved by the department of
 6 economic development".
 7 2. Page 1, line 27, by inserting after the word
 8 "tracts" the following: "or approved geographic
 9 units".
 10 3. Page 1, line 28, by inserting after the word
 11 "tracts" the following: "or approved geographic
 12 units".

By ROD HALVORSON

S-3783 FILED APRIL 25, 1997
 ADOPTED (p. 1460)

HOUSE FILE 724

S-3784

1 Amend House File 724, as amended, passed, and
 2 reprinted by the House, as follows:

 DIV 3 1. Page 2, line 18; by striking the word "ninety"
 A 4 and inserting the following: "ninety-five".

 DIV 5 2. Page 2, line 19, by striking the word "lesser"
 B 6 and inserting the following: "greater".

By MATT McCOY

S-3784 FILED APRIL 25, 1997
 DIV A - LOST, DIV B - LOST
 (p. 1462) (p. 1463)

HOUSE FILE 724

S-3785

1 Amend House File 724, as amended, passed, and
 2 reprinted by the House, as follows:
 3 1. Page 2, line 18, by striking the word "ninety"
 4 and inserting the following: "one hundred".
 5 2. Page 2, by striking lines 19 and 20 and
 6 inserting the following: "percent of the average
 7 county wage as determined by the department. However,
 8 the".

By MATT McCOY

S-3785 FILED APRIL 25, 1997
 LOST (p. 1461)

HOUSE FILE 724

S-3798

1 Amend House File 724, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 4, by inserting after line 15 the
4 following:
5 "2A. A county that does not qualify under
6 subsection 1 to designate an area an enterprise zone
7 but which contains any census tract that meets the
8 criteria specified in subsection 2, paragraphs "a",
9 "b", and "c" and which has experienced a population
10 loss between 1990 and 1995 may designate such area as
11 an enterprise zone."
12 2. Page 4, line 18, by inserting after the word
13 and figure "subsection 1" the following: "or 2A".

By TOM VILSACK
PATTY JUDGE

S-3798 FILED APRIL 25, 1997
WITHDRAWN

HOUSE FILE 724

S-3799

1 Amend House File 724, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 3, by inserting after line 23 the
4 following:
5 "3. If a business has received incentives or
6 assistance under section 15E.186 and fails to maintain
7 the requirements of subsection 1 to be an eligible
8 business, the business is subject to repayment of all
9 or a portion of the incentives and assistance that it
10 has received. The city or county, as applicable,
11 shall have the authority to take action to recover the
12 value of taxes not collected as a result of the
13 exemption provided by the community to the business.
14 The department of revenue and finance shall have the
15 authority to recover the value of state taxes or
16 incentives provided under section 15E.186. The value
17 of state incentives provided under section 15E.186
18 includes applicable interest and penalties. The
19 department of economic development and the city and
20 county, as applicable, shall enter into agreement with
21 the business specifying the method for determining the
22 amount of incentives or assistance paid which will be
23 repaid in the event of failure to maintain the
24 requirements of subsection 1. In addition, a business
25 that fails to maintain the requirements of subsection
26 1 shall not receive incentives or assistance for each
27 year during which the business is not in compliance."

By TOM VILSACK

S-3799 FILED APRIL 25, 1997
ADOPTED (p. 1479)

HOUSE FILE 724

S-3793

1 Amend House File 724, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 3, by inserting after line 23 the
4 following:
5 "3. If a business has received incentives or
6 assistance under section 15E.186 and fails during the
7 ten-year period or other specified period to maintain
8 the requirements of subsection 1, the business shall
9 repay all of the incentives and assistance that it has
10 received."

By TOM VILSACK

S-3793 FILED APRIL 25, 1997
WITHDRAWN (p. 1409)

HOUSE FILE 724

S-3797

1 Amend House File 724, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 4, by inserting after line 15 the
4 following:
5 "2A. A county that does not qualify under
6 subsection 1 to designate an area an enterprise zone
7 but which contains any census tract that meets the
8 criteria specified in subsection 2, paragraph "a",
9 "b", and "c" and which has experienced a population
10 loss between 1990 and 1995 and may designate such area
11 as an enterprise zone."
12 2. Page 4, line 18, by inserting after the word
13 and figure "subsection 1" the following: "or 2A".

By TOM VILSACK
PATTY JUDGE

S-3797 FILED APRIL 25, 1997
LOST (p. 1478)

HOUSE FILE 724

S-3736

- 1 Amend House File 724, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 1, line 19, by striking the words, "is a
- 4 designated urban" and inserting the following: "meets
- 5 the requirements for eligibility for an urban or
- 6 rural".
- 7 2. Page 1, lines 22 and 23, by striking the words
- 8 "within a designated urban" and inserting the
- 9 following: "meeting the requirements for eligibility
- 10 for an urban or rural".
- 11 3. Page 2, line 33, by striking the word "one-
- 12 time".
- 13 4. Page 2, line 34, by striking the word "is" and
- 14 inserting the following: "will be".
- 15 5. Page 4, line 34, by striking the words "a
- 16 designated urban" and inserting the following: "an
- 17 area meeting the requirements for eligibility for an
- 18 urban or rural".
- 19 6. Page 5, line 9, by inserting after the word
- 20 "requirements" the following: ", including
- 21 requirements related to compensation and benefits,".
- 22 7. Page 7, line 11, by inserting after the words
- 23 "of the" the following: "value added to the".
- 24 8. Page 7, line 13, by inserting after the word
- 25 "business." the following: "The amount of value added
- 26 for purposes of this subsection shall be the amount of
- 27 the increase in assessed valuation of the property
- 28 following the location or expansion of the business in
- 29 the enterprise zone."
- 30 9. By renumbering, relettering, or redesignating
- 31 and correcting internal references as necessary.

By COMMITTEE ON WAYS AND MEANS
JOANN DOUGLAS, Chairperson

S-3736 FILED APRIL 23, 1997 *Adopted 4/25/97 (p.1458)*

HOUSE FILE 724

S-3741

- 1 Amend House File 724, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 1, line 14, by inserting after the word
- 4 "more" the following: "but less than one hundred
- 5 ninety thousand".
- 6 2. Page 1, line 26, by inserting after the word
- 7 "more" the following: "but less than one hundred
- 8 ninety thousand".
- 9 3. Page 1, line 31, by inserting after the word
- 10 "more" the following: "but less than one hundred
- 11 ninety thousand".

By JACK RIFE

S-3741 FILED APRIL 24, 1997

a WITHDRAWN

HOUSE FILE 724

S-3769

- 1 Amend House File 724, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 1, line 13, by striking the word "twenty-
- 4 five" and inserting the following: "twenty-four".
- 5 2. Page 1, line 26, by striking the word "twenty-
- 6 five" and inserting the following: "twenty-four".
- 7 3. Page 1, line 31, by striking the word "twenty-
- 8 five" and inserting the following: "twenty-four".

By JOANN DOUGLAS
DON GETTINGS
SHELDON RITTMER

WITHDRAWN
4-25-97 (p.1458)

S-3769 FILED APRIL 24, 1997

V. J. ...

HOUSE AMENDMENT TO SENATE AMENDMENT TO
HOUSE FILE 724

S-3817

- 1 Amend the Senate amendment, H-1945, to House File
- 2 724, as amended, passed, and reprinted by the House,
- 3 as follows:
- 4 1. Page 1, by striking lines 41 through 43.
- 5 2. By striking page 2, line 43, through page 3,
- 6 line 13.
- 7 3. By renumbering, relettering, or redesignating
- 8 and correcting internal references as necessary.

RECEIVED FROM THE HOUSE

S-3817 FILED APRIL 28, 1997

CONCURRED (p.1505)

HOUSE FILE 724

H-1949

- 1 Amend the Senate amendment, H-1945, to House File
- 2 724, as amended, passed, and reprinted by the House,
- 3 as follows:
- 4 1. By striking page 2, line 43, through page 3,
- 5 line 13.

By JENKINS of Black Hawk

H-1949 FILED APRIL 28, 1997

ADOPTED

(P.1625)

HOUSE FILE 724

H-1952

- 1 Amend the Senate amendment, H-1945, to House File
- 2 724, as amended, passed, and reprinted by the House,
- 3 as follows:
- 4 1. Page 1, by striking lines 41 through 43.

By JENKINS of Black Hawk

H-1952 FILED APRIL 28, 1997

ADOPTED

(P.1624)

HOUSE FILE 724

H-1953

- 1 Amend the Senate amendment, H-1945, to House File
- 2 724, as amended, passed, and reprinted by the House,
- 3 as follows:
- 4 1. Page 1, by striking lines 3 and 4 and
- 5 inserting the following:
- 6 "____. Page 1, line 13, by striking the words
- 7 "twenty-five thousand" and inserting the following:
- 8 "one hundred"."
- 9 2. Page 1, by striking lines 20 and 21 and
- 10 inserting the following:
- 11 "____. Page 1, line 26, by striking the words,
- 12 twenty-five thousand" and inserting the following:
- 13 "one hundred"."
- 14 3. Page 1, by striking lines 31 through 33 and
- 15 inserting the following:
- 16 "____. Page 1, line 31, by striking the words
- 17 "twenty-five thousand" and inserting the following:
- 18 "one hundred"."

By WEIGEL of Chickasaw

H-1953 FILED APRIL 28, 1997

LOST (P.1624)

HOUSE FILE 724

H-1954

- 1 Amend the Senate amendment, H-1945, to House File
- 2 724, as amended, passed, and reprinted by the House,
- 3 as follows:
- 4 1. Page 2, by inserting after line 23 the
- 5 following:
- 6 "____. Page 4, by inserting after line 3 the
- 7 following:
- 8 "e. The county is a state or federally designated
- 9 primary health care provider shortage area."

By WEIGEL of Chickasaw

H-1954 FILED APRIL 28, 1997

LOST (P.1625)

SENATE AMENDMENT TO HOUSE FILE 724

H-1945

- 1 Amend House File 724, as amended, passed, and
2 reprinted by the House, as follows:
- 3 1. Page 1, line 13, by striking the word "twenty-
4 five" and inserting the following: "twenty-four".
- 5 2. Page 1, line 14, by inserting after the word
6 "more" the following: ", as shown by the 1990
7 certified federal census,".
- 8 3. Page 1, line 18, by inserting after the word
9 "census" the following: "or designating other
10 geographic units approved by the department of
11 economic development".
- 12 4. Page 1, line 19, by striking the words "is a
13 designated urban" and inserting the following: "meets
14 the requirements for eligibility for an urban or
15 rural".
- 16 5. Page 1, lines 22 and 23, by striking the words
17 "within a designated urban" and inserting the
18 following: "meeting the requirements for eligibility
19 for an urban or rural".
- 20 6. Page 1, line 26, by striking the word "twenty-
21 five" and inserting the following: "twenty-four".
- 22 7. Page 1, line 26, by inserting after the word
23 "more" the following: ", as shown by the 1990
24 certified federal census,".
- 25 8. Page 1, line 27, by inserting after the word
26 "tracts" the following: "or approved geographic
27 units".
- 28 9. Page 1, line 28, by inserting after the word
29 "tracts" the following: "or approved geographic
30 units".
- 31 10. Page 1, line 31, by striking the word
32 "twenty-five" and inserting the following: "twenty-
33 four".
- 34 11. Page 1, line 31, by inserting after the word
35 "more" the following: ", as shown by the 1990
36 certified federal census,".
- 37 12. Page 2, line 33, by striking the word "one-
38 time".
- 39 13. Page 2, line 34, by striking the word "is"
40 and inserting the following: "will be".
- 41 14. Page 3, line 5, by inserting after the word
42 "from" the following: "two hundred fifty thousand
43 dollars of".
- 44 15. Page 3, line 6, by inserting after the word
45 "paragraph" the following: "of up to two hundred
46 fifty thousand dollars of the fair market value, as
47 established by an appraisal, of the building and
48 land".
- 49 16. Page 3, by inserting after line 23 the
50 following:

H-1945

H-1945

Page 2

1 "3. If a business has received incentives or
2 assistance under section 15E.186 and fails to maintain
3 the requirements of subsection 1 to be an eligible
4 business, the business is subject to repayment of all
5 or a portion of the incentives and assistance that it
6 has received. The city or county, as applicable,
7 shall have the authority to take action to recover the
8 value of taxes not collected as a result of the
9 exemption provided by the community to the business.
10 The department of revenue and finance shall have the
11 authority to recover the value of state taxes or
12 incentives provided under section 15E.186. The value
13 of state incentives provided under section 15E.186
14 includes applicable interest and penalties. The
15 department of economic development and the city and
16 county, as applicable, shall enter into agreement with
17 the business specifying the method for determining the
18 amount of incentives or assistance paid which will be
19 repaid in the event of failure to maintain the
20 requirements of subsection 1. In addition, a business
21 that fails to maintain the requirements of subsection
22 1 shall not receive incentives or assistance for each
23 year during which the business is not in compliance."

24 17. Page 4, by inserting after line 15 the
25 following:

26 "e. The area is a blighted area, as defined in
27 section 403.17."

28 18. Page 4, line 34, by striking the words "a
29 designated urban" and inserting the following: "an
30 area meeting the requirements for eligibility for an
31 urban or rural".

32 19. Page 5, line 9, by inserting after the word
33 "requirements" the following: ", including
34 requirements related to compensation and benefits,".

35 20. Page 7, line 11, by inserting after the words
36 "of the" the following: "value added to the".

37 21. Page 7, line 13, by inserting after the word
38 "business." the following: "The amount of value added
39 for purposes of this subsection shall be the amount of
40 the increase in assessed valuation of the property
41 following the location or expansion of the business in
42 the enterprise zone."

43 22. Page 7, by inserting after line 17 the
44 following:

45 "Sec. ____ . 1997 Iowa Acts, House File 655, section
46 1, subsection 2, paragraph a, unnumbered paragraph 1,
47 is amended to read as follows:

48 For salaries, support, maintenance, miscellaneous
49 purposes, for not more than the following full-time
50 equivalent positions, for allocating \$495,000 to

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-2-

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Page 3

1 support activities in conjunction with the Iowa
 2 manufacturing technology center, \$150,000 to the
 3 graphic arts center, and \$100,000 to the university of
 4 northern Iowa for operation of industrial technology
 5 programs at the ag based industrial lubrication
 6 center:

7	\$	3,916,397
8		<u>3,996,897</u>
9	FTEs	<u>17.76</u>
10		19.26"

11 23. Title page, line 5, by inserting after the
 12 word "zone" the following: "and increasing an
 13 appropriation".

14 24. By renumbering, relettering, or redesignating
 15 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-1945 FILED APRIL 28, 1997

CONCURRED AS AMENDED

(P. 1625)

HOUSE FILE 724

H-1947

1 Amend the Senate amendment, H-1945, to House File
 2 724, as amended, passed, and reprinted by the House,
 3 as follows:

4 1. Page 1, line 4, by striking the word "twenty-
 5 four" and inserting the following: "one".

6 2. Page 1, line 21, by striking the word "twenty-
 7 four" and inserting the following: "one".

8 3. Page 1, lines 32 and 33, by striking the word
 9 "twenty-four" and inserting the following: "one".

By WEIGEL of Chickasaw

H-1947 FILED APRIL 28, 1997

LOST

(P. 1625)

HOUSE FILE 724

H-1948

1 Amend the Senate amendment, H-1945, to House File
 2 724, as amended, passed, and reprinted by the House,
 3 as follows:

4 1. Page 1, line 4, by striking the word "twenty-
 5 four" and inserting the following: "two".

6 2. Page 1, line 21, by striking the word "twenty-
 7 four" and inserting the following: "two".

8 3. Page 1, lines 32 and 33, by striking the word
 9 "twenty-four" and inserting the following: "two".

By WEIGEL of Chickasaw

H-1948 FILED APRIL 28, 1997

WITHDRAWN

(P. 1625)

Jenkins, Ch
Larson
Biggess
Warnstadt
Scherrman

HSB 219

ECONOMIC DEVELOPMENT

Succeeded By
SF/HF 724

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC DEVELOPMENT BILL
BY CHAIRPERSON LARSON)

Passed House, Date _____

Passed Senate, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to investments in counties and cities by
2 providing for the establishment of enterprise zones in areas
3 of counties and cities for which tax incentives and assistance
4 are available for eligible businesses locating or located in
5 the enterprise zone.

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

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1 Section 1. NEW SECTION. 15E.181 INTENT.

2 It is the intent of the general assembly that this division
3 be administered in a manner to promote new economic
4 development in economically distressed areas by encouraging
5 communities to target resources in ways that attract
6 productive private investment.

7 Sec. 2. NEW SECTION. 15E.182 ENTERPRISE ZONES.

8 1. A county may create an economic development enterprise
9 zone as authorized in this division, subject to certification
10 by the department of economic development, by designating up
11 to one percent of the county area for that purpose. A county
12 may establish more than one enterprise zone.

13 2. A city with a population of twenty-five thousand or
14 more may create an economic development enterprise zone as
15 authorized in this division, subject to certification by the
16 department of economic development, by designating one or more
17 contiguous census tracts, as determined in the most recent
18 federal census, for that purpose. In creating an enterprise
19 zone, a city with a population of twenty-five thousand or more
20 may designate as part of the area tracts located in a
21 contiguous city if such tracts meet the criteria and the city
22 agrees to being included. The city may establish more than
23 one enterprise zone. Reference in this division to "city"
24 means a city with a population of twenty-five thousand or
25 more.

26 3. A county or city may apply to the department for an
27 area to be certified as an enterprise zone at any time prior
28 to July 1, 2000. However, the total amount of land designated
29 as enterprise zones under subsections 1 and 2 shall not exceed
30 in the aggregate one percent of the total county area.

31 4. An enterprise zone designation shall remain in effect
32 for ten years following the date of certification. Any state
33 or local incentives that may be conferred must be conferred
34 before the designation expires. However, the benefits of the
35 incentive may continue beyond the expiration.

1 Sec. 3. NEW SECTION. 15E.183 ELIGIBLE BUSINESS.

2 1. A business which is or will be located in an enterprise
3 zone is eligible to receive incentives under this division if
4 the business has not closed or substantially reduced its
5 operation in one area of the state and relocated substantially
6 the same operation into the enterprise zone and if the
7 business meets all of the following:

8 a. Is not a retail or professional service business.

9 b. Pays at least eighty percent of the cost of a standard
10 medical and dental insurance plan for all full-time employees.

11 c. Pays an average wage that is at or greater than eighty-
12 five percent of the average county wage but not less than
13 seven dollars and fifty cents per hour.

14 d. Creates at least ten full-time positions and maintains
15 them for at least five years.

16 e. Makes a one-time capital investment of at least five
17 hundred thousand dollars. If the business is occupying a
18 vacant building suitable for industrial use, the fair market
19 value of the building shall be counted toward the capital
20 investment requirement.

21 2. A business is not ineligible under this section when
22 the business expands its operation in an enterprise zone if
23 existing operations of a similar nature in the state are not
24 closed or substantially reduced.

25 Sec. 4. NEW SECTION. 15E.184 DISTRESS CRITERIA.

26 1. An enterprise zone may be designated by a county in an
27 area which meets at least two of the following criteria:

28 a. The area has an average weekly wage that ranks among
29 the bottom twenty-five counties in the state based on the 1995
30 annual average weekly wage for employees in private business.

31 b. The area has a family poverty rate that ranks among the
32 top twenty-five counties in the state based on the 1990
33 census.

34 c. The area has experienced a population loss that ranks
35 among the top twenty-five counties in the state between 1990

1 and 1995.

2 d. The area has a percentage of persons sixty-five years
3 of age or older that ranks among the top twenty-five counties
4 in the state based on the 1990 census.

5 2. An enterprise zone may be designated by a city which
6 meets at least two of the following criteria:

7 a. The area has a per capita income of nine thousand four
8 hundred dollars or less based on the 1990 census.

9 b. The area has a family poverty rate of twelve percent or
10 higher based on the 1990 census.

11 c. Ten percent or more of the housing units are vacant in
12 the area.

13 d. The valuations of each class of property in the
14 designated area is seventy-five percent or less of the
15 citywide average for that classification based upon the most
16 recent valuations for property tax purposes.

17 3. The department of economic development shall certify
18 eligible enterprise zones that meet the requirements of
19 subsection 1 upon request by the county or subsection 2 upon
20 request by the city, as applicable.

21 Sec. 5. NEW SECTION. 15E.185 ENTERPRISE ZONE COMMISSION.

22 A county or city for which an eligible enterprise zone is
23 certified shall establish an enterprise zone commission to
24 review applications from qualified businesses located within
25 or requesting to locate within an enterprise zone to receive
26 assistance as provided in section 15E.186. The commission
27 shall include but not be limited to representatives from the
28 board of supervisors, cities, school districts, community or
29 regional economic development offices, community colleges, and
30 the servicing utility companies. A county and any cities
31 within the county may combine their commissions into one
32 commission.

33 If the enterprise zone commission determines that a
34 business qualifies for inclusion in an enterprise zone and is
35 eligible to receive assistance as provided in section 15E.186,

1 the commission shall submit an application for assistance to
2 the department of economic development. The department may
3 approve, defer, or deny the application. A business that is
4 approved to receive assistance shall, for the length of its
5 designation as an enterprise zone business, certify annually
6 to the county or city, as applicable, and the department of
7 economic development its compliance with the requirements of
8 section 15E.183.

9 Sec. 6. NEW SECTION. 15E.186 INCENTIVES -- ASSISTANCE.

10 For purposes of determining the incentives or assistance
11 provided in this section, "eligible business" means a business
12 which has been approved to receive incentives and assistance
13 by the department of economic development pursuant to
14 application as provided in section 15E.185. The incentives
15 and assistance provided under this division for businesses
16 located in enterprise zones shall include all of the
17 following:

18 1. New jobs credit from withholding, as provided in
19 section 15.331.

20 2. Sales, services, and use tax refund, as provided in
21 section 15.331A.

22 3. Investment tax credit, as provided in section 15.333.

23 4. Research activities credit, as provided in section
24 15.335.

25 5. The county or city for which an eligible enterprise
26 zone is certified may exempt from all property taxation all or
27 a portion of the property upon which an eligible business
28 locates or expands in an enterprise zone and which is used in
29 the operation of the eligible business. The exemption may be
30 allowed for a period not to exceed ten years beginning the
31 year the eligible business enters into an agreement with the
32 county or city to locate or expand operations in an enterprise
33 zone.

34

EXPLANATION

35 The bill authorizes a county to designate up to 1 percent

1 of its total area as enterprise zones. A city with a
2 population of 25,000 or more may designate more than one or
3 more contiguous census tracts as enterprise zones. However,
4 the total amount of land that may be in these city and county
5 zones cannot exceed in the aggregate 1 percent of the total
6 area of the county. In addition, the department of economic
7 development must approve any such designation. In order for
8 an area to be designated an enterprise zone, at least two of
9 four criteria must be met. In the case of county-designated
10 areas, these are having an average weekly wage that ranks
11 among the bottom 25 counties based upon 1995 statistics;
12 family poverty rate that ranks among the top 25 counties based
13 upon the 1990 census; population loss that ranks among the top
14 25 counties between 1990 and 1995; and a percentage of persons
15 65 years old that ranks among the top 25 counties. In the
16 case of city-designated areas these are having per capita
17 income of \$9,400 or less, poverty rate of 12 percent or more,
18 and 10 percent of more of housing units are vacant, all
19 according to the 1990 census, and the valuations in the area
20 equal 75 percent or less of the average for the city. A
21 business that is or will be located in the enterprise zone
22 shall receive incentives or assistance if the business meets
23 all of certain eligibility criteria. These criteria include
24 paying at least 80 percent of the cost of standard medical and
25 dental insurance, in a county-designated zone paying at least
26 85 percent of the average wage in the county, creation of at
27 least 10 new jobs, and making a capital investment of at least
28 \$500,000. Retail or professional service businesses are not
29 eligible nor are businesses that move similar operations from
30 another part of the state to the enterprise zone.

31 The incentives and assistance that shall be provided are a
32 new jobs credit for training new employees to work in the
33 zone, refund of sales and services taxes for utility services
34 furnished in the zone and for materials used in construction
35 contracts done in the zone, investment tax credit for

1 investments made in the zone, credit for increasing research
2 activities in the state, and if the county or city so decides,
3 exemption from all property taxation for property used in the
4 business in the zone.

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HOUSE FILE 724

AN ACT

RELATING TO INVESTMENTS IN COUNTIES AND CITIES BY PROVIDING FOR THE ESTABLISHMENT OF ENTERPRISE ZONES IN AREAS OF COUNTIES AND CITIES FOR WHICH TAX INCENTIVES AND ASSISTANCE ARE AVAILABLE FOR ELIGIBLE BUSINESSES LOCATING OR LOCATED IN THE ENTERPRISE ZONE.

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

Section 1. NEW SECTION. 15E.181 INTENT.

It is the intent of the general assembly that this division be administered in a manner to promote new economic development in economically distressed areas by encouraging communities to target resources in ways that attract productive private investment.

Sec. 2. NEW SECTION. 15E.182 ENTERPRISE ZONES.

1. A county may create an economic development enterprise zone as authorized in this division, subject to certification by the department of economic development, by designating up to one percent of the county area for that purpose. A county may establish more than one enterprise zone.

2. A city with a population of twenty-four thousand or more, as shown by the 1990 certified federal census, may create an economic development enterprise zone as authorized

in this division, subject to certification by the department of economic development, by designating one or more contiguous census tracts, as determined in the most recent federal census or designating other geographic units approved by the department of economic development, for that purpose. 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 an economic development 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 area limitation pursuant to subsection 3. In creating an enterprise zone, a city with a population of twenty-four thousand or more, as shown by the 1990 certified federal census, may designate as part of the area tracts or approved geographic units located in a contiguous city if such tracts or approved geographic units meet the criteria and the city agrees to being included. The city may establish more than one enterprise zone. Reference in this division to "city" means a city with a population of twenty-four thousand or more, as shown by the 1990 certified federal census.

3. A county or city may apply to the department for an area to be certified as an enterprise zone at any time prior to July 1, 2000. However, the total amount of land designated as enterprise zones under subsections 1 and 2 shall not exceed in the aggregate one percent of the total county area.

4. An enterprise zone designation shall remain in effect for ten years following the date of certification. Any state or local incentives or assistance that may be conferred must be conferred before the designation expires. However, the benefits of the incentive or assistance may continue beyond the expiration.

Sec. 3. NEW SECTION. 15E.183 ELIGIBLE BUSINESS.

1. A business which is or will be located in an enterprise zone is eligible to receive incentives and assistance under this division if the business has not closed or reduced its operation in one area of the state and relocated substantially the same operation into the enterprise zone and if the business meets all of the following:

- a. Is not a retail business.
- b. Pays at least eighty percent of the cost of a standard medical and dental insurance plan for all full-time employees.
- c. Pays an average wage that is at or greater than ninety percent of the lesser of the average county wage or average regional wage, as determined by the department. However, the wage paid by the business shall not be less than seven dollars and fifty cents per hour.
- d. Creates at least ten full-time positions and maintains them for at least ten years. For an existing business in counties with a population of ten thousand or less, the commission may adopt a provision that allows the business to create at least five initial jobs with the additional jobs to be added in five years. The business shall include in its strategic plan the timeline for job creation. If the existing business fails to meet the ten-job creation requirement within the five-year period all incentives or assistance will cease immediately.
- e. Makes a capital investment of at least five hundred thousand dollars. If the business will be occupying a vacant building suitable for industrial use, the fair market value of the building and land, not to exceed two hundred fifty thousand dollars, shall be counted toward the capital investment requirement. An existing business that has been operating in the enterprise zone for at least five years is exempt from the capital investment requirement of this paragraph of up to two hundred fifty thousand dollars of the fair market value, as established by an appraisal, of the building and land.

2. In addition to meeting the requirements under subsection 1, an eligible business shall provide the enterprise zone commission with all of the following:

- a. The long-term strategic plan for the business which shall include labor and infrastructure needs.
- b. Information dealing with the benefits the business will bring to the area.
- c. Examples of why the business should be considered or would be considered a good business enterprise.
- d. The impact the business will have on other businesses in competition with it.
- e. An affidavit that it has not, within the last five years, violated state or federal environmental and worker safety statutes, rules, and regulations or if such violation has occurred that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment.

3. If a business has received incentives or assistance under section 15E.186 and fails to maintain the requirements of subsection 1 to be an eligible business, the business is subject to repayment of all or a portion of the incentives and assistance that it has received. The city or county, as applicable, shall have the authority to take action to recover the value of taxes not collected as a result of the exemption provided by the community to the business. The department of revenue and finance shall have the authority to recover the value of state taxes or incentives provided under section 15E.186. The value of state incentives provided under section 15E.186 includes applicable interest and penalties. The department of economic development and the city and county, as applicable, shall enter into agreement with the business specifying the method for determining the amount of incentives or assistance paid which will be repaid in the event of failure to maintain the requirements of subsection 1. In addition, a business that fails to maintain the requirements

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

Sec. 4. NEW SECTION. 15E.184 DISTRESS CRITERIA.

1. An enterprise zone may be designated by a county which meets at least two of the following criteria:

a. The county has an average weekly wage that ranks among the bottom twenty-five counties in the state based on the 1995 annual average weekly wage for employees in private business.

b. The county has a family poverty rate that ranks among the top twenty-five counties in the state based on the 1990 census.

c. The county has experienced a percentage population loss that ranks among the top twenty-five counties in the state between 1990 and 1995.

d. The county has a percentage of persons sixty-five years of age or older that ranks among the top twenty-five counties in the state based on the 1990 census.

2. An enterprise zone may be designated by a city which meets at least two of the following criteria:

a. The area has a per capita income of nine thousand six hundred dollars or less based on the 1990 census.

b. The area has a family poverty rate of twelve percent or higher based on the 1990 census.

c. Ten percent or more of the housing units are vacant in the area.

d. The valuations of each class of property in the designated area is seventy-five percent or less of the citywide average for that classification based upon the most recent valuations for property tax purposes.

e. The area is a blighted area, as defined in section 403.17.

3. The department of economic development shall certify eligible enterprise zones that meet the requirements of subsection 1 upon request by the county or subsection 2 upon request by the city, as applicable.

Sec. 5. NEW SECTION. 15E.185 ENTERPRISE ZONE COMMISSION.

1. A county in which an eligible enterprise zone is certified shall establish an enterprise zone commission to review applications from qualified businesses located within or requesting to locate within an enterprise zone to receive incentives or assistance as provided in section 15E.186. The commission shall consist of nine members. Five of these members shall consist of one representative of the board of supervisors, one member with economic development expertise chosen by the department of economic development, one representative of the county zoning board, one member of the local community college board of directors, and one representative of the local workforce development center. These five members shall select the remaining four members. If the enterprise zone consists of an area meeting the requirements for eligibility for an urban or rural enterprise community under Title XIII of the federal Omnibus Budget Reconciliation Act of 1993, one of the remaining four members shall be a representative of that zone. However, if the enterprise zone qualifies under the city criteria, one of the four members shall be a representative of an international labor organization and if an enterprise zone is located in any city, a representative, chosen by the city council, of each such city may be a member of the commission. A county shall have only one enterprise zone commission.

2. The commission may adopt more stringent requirements, including requirements related to compensation and benefits, for a business to be eligible for incentives or assistance than provided in section 15E.183. The commission may develop as an additional requirement that preference in hiring be given to individuals who live within the enterprise zone. The commission shall work with the local workforce development center to determine the labor availability in the area.

3. If the enterprise zone commission determines that a business qualifies for inclusion in an enterprise zone and is eligible to receive incentives or assistance as provided in

section 15E.186, the commission shall submit an application for incentives or assistance to the department of economic development. The department may approve, defer, or deny the application.

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

However, if the commission or department finds that an eligible business has a record of violations of the law, including but not limited to environmental and worker safety statutes, rules, and regulations, over a period of time that tends to show a consistent pattern, the eligible business shall not qualify for incentives or assistance under section 15E.186, unless the commission or department finds that the violations did not seriously affect public health or safety or the environment, or if it did that there were mitigating circumstances. In making the findings and determinations regarding violations, mitigating circumstances, and whether an eligible business is eligible for incentives or assistance under section 15E.186, the commission or department shall be exempt from chapter 17A. If requested by the commission or department, the business shall provide copies of materials documenting the type of violation, any fees or penalties

assessed, court filings, final disposition of any findings and any other information which would assist the commission or department in assessing the nature of any violation.

5. A business that is approved to receive incentives or assistance shall, for the length of its designation as an enterprise zone business, certify annually to the county or city, as applicable, and the department of economic development its compliance with the requirements of section 15E.183.

Sec. 6. NEW SECTION. 15E.186 INCENTIVES -- ASSISTANCE.

For purposes of determining the incentives or assistance provided in this section, "eligible business" means a business which has been approved to receive incentives and assistance by the department of economic development pursuant to application as provided in section 15E.185. The incentives and assistance provided under this division for businesses located in enterprise zones shall be for a period not to exceed ten years and shall include all of the following:

1. New jobs credit from withholding, as provided in section 15.331.
2. Sales, services, and use tax refund, as provided in section 15.331A.
3. Investment tax credit, as provided in section 15.333.
4. Research activities credit, as provided in section 15.335.
5. The county or city for which an eligible enterprise zone is certified may exempt from all property taxation all or a portion of the value added to the property upon which an eligible business locates or expands in an enterprise zone and which is used in the operation of the eligible business. The amount of value added for purposes of this subsection shall be the amount of the increase in assessed valuation of the property following the location or expansion of the business in the enterprise zone. The exemption may be allowed for a period not to exceed ten years beginning the year the eligible

business enters into an agreement with the county or city to locate or expand operations in an enterprise zone.

RON J. CORBETT
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 724, Seventy-seventh General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved May 14, 1997

TERRY E. BRANSTAD
Governor

HF 724