

3-18-98 Referred to W. + Mason

FILED FEB 26 1998

SENATE FILE 2358
BY COMMITTEE ON SMALL BUSINESS,
ECONOMIC DEVELOPMENT, AND
TOURISM

(SUCCESSOR TO SSB 2041)

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

A BILL FOR

1 An Act relating to economic development enterprise zones.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2358

1 Section 1. Section 15E.192, subsection 1, Code Supplement
2 1997, is amended to read as follows:

3 1. A county may create an economic development enterprise
4 zone as authorized in this division, subject to certification
5 by the department of economic development, by designating up
6 to one percent of the county area for that purpose. An
7 eligible county containing a city whose boundaries extend into
8 an adjacent county may establish an enterprise zone in an area
9 of the city located in the adjacent county if the adjacent
10 county's board of supervisors adopts a resolution approving
11 the establishment of the enterprise zone in the city and the
12 two counties enter into an agreement pursuant to chapter 28E
13 regarding the establishment of the enterprise zone. A county
14 may establish more than one enterprise zone.

15 Sec. 2. Section 15E.193, subsection 1, paragraph b, Code
16 Supplement 1997, is amended to read as follows:

17 ~~b. Pays-at-least-eighty-percent-of-the-cost-of-a-standard~~
18 ~~medical-and-dental-insurance-plan-for-all-full-time-employees.~~
19 Provides all full-time employees with the option of choosing
20 one of the following:

21 (1) The business pays eighty percent of both of the
22 following:

23 (a) The cost of a standard medical insurance plan.

24 (b) The cost of a standard dental insurance plan or an
25 equivalent plan.

26 (2) The business provides the employee with a monetarily
27 equivalent plan to the plan provided for in subparagraph (1).

28 Sec. 3. Section 15E.195, subsection 1, Code Supplement
29 1997, is amended to read as follows:

30 1. A county which designates an enterprise zone pursuant
31 to section 15E.194, subsection 1, and in which an eligible
32 enterprise zone is certified shall establish an enterprise
33 zone commission to review applications from qualified
34 businesses located within or requesting to locate within an
35 enterprise zone designated pursuant to section 15E.194,

1 subsection 1, to receive incentives or assistance as provided
2 in section 15E.196. The commission shall consist of nine
3 members. Five of these members shall consist of one
4 representative of the board of supervisors, one member with
5 economic development expertise chosen by the department of
6 economic development, one representative of the county zoning
7 board, one member of the local community college board of
8 directors, and one representative of the local workforce
9 development center. These five members shall select the
10 remaining four members. If the enterprise zone consists of an
11 area meeting the requirements for eligibility for an urban or
12 rural enterprise community under Title XIII of the federal
13 Omnibus Budget Reconciliation Act of 1993, one of the
14 remaining four members shall be a representative of that zone
15 community. ~~However, if the enterprise zone qualifies under~~
16 ~~the city criteria, one of the four members shall be a~~
17 ~~representative of an international labor organization and if~~
18 ~~an enterprise zone is located in any city, a representative,~~
19 ~~chosen by the city council, of each such city may be a member~~
20 ~~of the commission.~~ A county shall have only one enterprise
21 zone commission to review applications for incentives and
22 assistance for businesses located within or requesting to
23 locate within a certified enterprise zone designated pursuant
24 to section 15E.194, subsection 1.

25 Sec. 4. Section 15E.195, Code Supplement 1997, is amended
26 by adding the following new subsection:

27 NEW SUBSECTION. 1A. A city with a population of twenty-
28 four thousand or more which designates an enterprise zone
29 pursuant to section 15E.194, subsection 2, and in which an
30 eligible enterprise zone is certified shall establish an
31 enterprise zone commission to review applications from
32 qualified businesses located within or requesting to locate
33 within an enterprise zone to receive incentives or assistance
34 as provided in section 15E.196. The commission shall consist
35 of nine members. Six of these members shall consist of one

1 representative of an international labor organization, one
2 member with economic development expertise chosen by the
3 department of economic development, one representative of the
4 city council, one member of the local community college board
5 of directors, one member of the city planning and zoning
6 commission, and one representative of the local workforce
7 development center. These six members shall select the
8 remaining three members. If the enterprise zone consists of
9 an area meeting the requirements for eligibility for an urban
10 enterprise community under Title XIII of the federal Omnibus
11 Budget Reconciliation Act of 1993, one of the remaining three
12 members shall be a representative of that community. If a
13 city contiguous to the city designating the enterprise zone is
14 included in an enterprise zone, a representative of the
15 contiguous city, chosen by the city council, shall be a member
16 of the commission. A city in which an eligible enterprise
17 zone is certified shall have only one enterprise zone
18 commission. If a city has established an enterprise zone
19 commission prior to the effective date of this Act, the city
20 may petition to the department of economic development to
21 change the structure of the existing commission.

22 Sec. 5. Section 15E.196, subsection 5, Code Supplement
23 1997, is amended to read as follows:

24 5. The county or city for which an eligible enterprise
25 zone is certified may exempt from all property taxation all or
26 a portion of the value added to the property upon which an
27 eligible business locates or expands in an enterprise zone and
28 which is used in the operation of the eligible business. The
29 amount of value added for purposes of this subsection shall be
30 the amount of the increase in assessed valuation of the
31 property following the location or expansion of the business
32 in the enterprise zone. If an exemption provided pursuant to
33 this subsection is made applicable to only a portion of the
34 property within an enterprise zone, the definition of that
35 subset of eligible property must be by uniform criteria which

1 further some planning objective established by the city or
2 county enterprise zone commission and approved by the eligible
3 city or county. The exemption may be allowed for a period not
4 to exceed ten years beginning the year the eligible business
5 enters into an agreement with the county or city to locate or
6 expand operations in an enterprise zone.

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EXPLANATION

8 This bill provides changes in the economic development
9 enterprise zone legislation which was passed by the general
10 assembly in the 1997 legislative session.

11 The bill provides that an eligible county containing a city
12 whose boundaries extend into an adjacent county may establish
13 an enterprise zone in an area of the city located in the
14 adjacent county if certain conditions are met.

15 In order to be considered an eligible business within an
16 enterprise zone, a business must meet a number of criteria
17 which includes paying at least 80 percent of the cost of a
18 standard medical and dental insurance plan for all full-time
19 employees. The bill amends this provision to require
20 employers to give full-time employees the option of choosing
21 between two benefit plans.

22 Currently, the Code only requires a county to establish an
23 enterprise zone commission. The bill amends this requirement
24 by requiring counties to establish a commission only if the
25 county designated the enterprise zone and the enterprise zone
26 is certified. The bill provides that a county shall have only
27 one commission to review applications for incentives and
28 assistance for businesses located within or requesting to
29 locate within a certified enterprise zone designated by the
30 county.

31 The bill requires a city which designates an enterprise
32 zone and in which an eligible enterprise zone is certified to
33 establish an enterprise zone commission to review applications
34 from qualified businesses to receive incentives or assistance
35 under the program. A commission shall consist of nine

1 members, six of which are identified with the remaining three
2 members being selected by the named six members. If an urban
3 enterprise community is included in the enterprise zone, one
4 of the three remaining members shall be a representative of
5 that community. If a city contiguous to the city designating
6 the enterprise zone is included in an enterprise zone, a
7 representative of the contiguous city, chosen by the city
8 council, shall be a member of the commission. The bill
9 provides that a city shall only have one enterprise zone and
10 if a city has established an enterprise zone prior to the
11 effective date of this Act, the city may petition the
12 department to change the structure of the existing commission.

13 The bill requires a county or city which provides an
14 eligible business in a certified enterprise zone with a
15 property tax exemption to define the particular eligible
16 property by a set of uniform criteria which further a planning
17 objective established by the enterprise commission and are
18 approved by the eligible county or city.

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SENATE FILE 2358

S-5189

1 Amend Senate File 2358 as follows:

2 1. Page 1, by inserting after line 14 the
3 following:

4 "Sec. ____ . Section 15E.192, subsection 2, Code
5 Supplement 1997, is amended to read as follows:

6 2. A city with a population of twenty-four
7 thousand or more, as shown by the 1990 certified
8 federal census, may create an economic development
9 enterprise zone as authorized in this division,
10 subject to certification by the department of economic
11 development, by designating one or more contiguous
12 census tracts, as determined in the most recent
13 federal census, or designating other geographic units
14 approved by the department of economic development for
15 that purpose. If there is an area in the city which
16 meets the requirements for eligibility for an urban or
17 rural enterprise community under Title XIII of the
18 federal Omnibus Budget Reconciliation Act of 1993,
19 such area shall be designated by the state as an
20 economic development enterprise zone. The area
21 meeting the requirements for eligibility for an urban
22 or rural enterprise community shall not be included
23 for the purpose of determining the area limitation
24 pursuant to subsection 3. In creating an enterprise
25 zone, a city with a population of twenty-four thousand
26 or more, as shown by the 1990 certified federal
27 census, may designate as part of the area-tracts-or
28 approved-geographic-units-located-in-a-contiguous-city
29 if-such-tracts-or-approved-geographic-units-meet-the
30 criteria-and enterprise zone an area contiguous to the
31 city if the city or county containing the area, as
32 applicable, agrees to being included and the entities
33 enter into an agreement pursuant to chapter 28E if
34 necessary. The city may establish more than one
35 enterprise zone. Reference in this division to "city"
36 means a city with a population of twenty-four thousand
37 or more, as shown by the 1990 certified federal
38 census."

39 2. By renumbering as necessary.

By ROD HALVORSON

S-5189 FILED MARCH 11, 1998

Rittner
Douglas
Hansen

SSB 2041

Small Business,
Economic Development

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
ECONOMIC DEVELOPMENT BILL)

Succeeded By
SF HF 2358

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

A BILL FOR

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1 Section 1. Section 15E.193, subsection 1, paragraph b,
2 Code Supplement 1997, is amended to read as follows:

3 b. Pays at least eighty percent of the cost of a standard
4 medical and dental insurance plan, or an equivalent benefit
5 plan, for all full-time employees.

6 Sec. 2. Section 15E.195, subsection 1, Code Supplement
7 1997, is amended to read as follows:

8 1. A county which designates an enterprise zone pursuant
9 to section 15E.194, subsection 1, and in which an eligible
10 enterprise zone is certified shall establish an enterprise
11 zone commission to review applications from qualified
12 businesses located within or requesting to locate within an
13 enterprise zone designated pursuant to section 15E.194,
14 subsection 1, to receive incentives or assistance as provided
15 in section 15E.196. The commission shall consist of nine
16 members. Five of these members shall consist of one
17 representative of the board of supervisors, one member with
18 economic development expertise chosen by the department of
19 economic development, one representative of the county zoning
20 board, one member of the local community college board of
21 directors, and one representative of the local workforce
22 development center. These five members shall select the
23 remaining four members. If the enterprise zone consists of an
24 area meeting the requirements for eligibility for an urban or
25 rural enterprise community under Title XIII of the federal
26 Omnibus Budget Reconciliation Act of 1993, one of the
27 remaining four members shall be a representative of that zone
28 community. However, if the enterprise zone qualifies under
29 the city criteria, one of the four members shall be a
30 representative of an international labor organization and if
31 an enterprise zone is located in any city, a representative,
32 chosen by the city council, of each such city may be a member
33 of the commission. A county shall have only one enterprise
34 zone commission to review applications for incentives and
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26 in which an eligible enterprise zone is certified shall have
27 only one enterprise zone commission. If a city has
28 established an enterprise zone commission prior to the
29 effective date of this Act, the city may petition to the
30 department of economic development to change the structure of
31 the existing commission.

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33 1997, is amended to read as follows:

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35 zone is certified may exempt from all property taxation all or

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3 which is used in the operation of the eligible business. The
4 amount of value added for purposes of this subsection shall be
5 the amount of the increase in assessed valuation of the
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7 in the enterprise zone. If an exemption provided pursuant to
8 this subsection is made applicable to only a portion of the
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25 employees. The bill amends this provision to allow a business
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27 and dental insurance plan or an equivalent benefit plan.

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30 by requiring counties to establish a commission only if the
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 20 objective established by the enterprise commission and are
 21 approved by the eligible county or city.

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MEMORANDUM ON PROPOSED LEGISLATION

TO: Members of the Iowa General Assembly
FROM: Iowa Department of Economic Development
DATE: January 12, 1997
RE: Enterprise Zones

Enterprise Zones and the Composition of Commissions and Benefits within the Zone.

The Iowa Department of Economic Development has worked to begin the implementation of Enterprise Zones enacted by the General Assembly and signed by the Governor last session. However, within the early stages of implementation, several communities and policymakers have come forward with concerns regarding the current code language.

The proposed language by the Iowa Department of Economic Development addresses the raised concerns. The first code change is found in the section pertaining to the benefit package offered by the eligible business within the zone. The new language adds flexibility to the benefit plan that shall be offered by the eligible business in the zone and approved by the commission. This flexibility will allow the benefit plan to better meet the needs of the employee. For example, instead of an employer offering a health and dental plan to employees, they may offer a health and retirement plan.

The second code change is found in the Enterprise Zone Commission. This new language restructures the composition of the commission to clarify that the eligible city which certifies a zone shall establish a commission. Furthermore, the new structure allows the city commission to have a larger city presence to reflect the eligible city. The current code language only addresses specifically a county commission.

The final code change is in regards to the property tax exemption given by the eligible city or county. Under current code language, the Department of Revenue and Finance has determined that there cannot be individual tax schedules for each business within an enterprise zone. The new language will allow the eligible city or county to develop standards by which they may grant individual tax schedules within a given zone to each business.