

3/18/97 W. & means

FILED MAR 17 1997

SENATE FILE **510**  
BY COMMITTEE ON SMALL BUSINESS,  
ECONOMIC DEVELOPMENT AND  
TOURISM

(SUCCESSOR TO SSB 202)

Passed Senate, Date \_\_\_\_\_ Passed House, 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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**S.F. 510**

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. A city may establish more  
19 than one enterprise zone. Reference in this division to  
20 "city" means a city with a population of twenty-five thousand  
21 or more.

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

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

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

34 1. A business which is or will be located in an enterprise  
35 zone is eligible to receive incentives and assistance under

1 this division if the business has not closed or reduced its  
2 existing operation by twenty percent or more in one area of  
3 the state and relocated substantially the same operation into  
4 the enterprise zone and if the business meets all of the  
5 following:

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

8 b. Pays an average wage that is at or greater than one  
9 hundred percent of the average county wage but not less than  
10 seven dollars and fifty cents per hour.

11 c. Creates at least ten full-time positions and maintains  
12 them for at least ten years.

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

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

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

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

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

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

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

34 d. The area has a percentage of persons sixty-five years  
35 of age or older that ranks among the top twenty-five counties

1 in the state based on the 1990 census.

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

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

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

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

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

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

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

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

30 If the enterprise zone commission determines that a  
31 business qualifies for inclusion in an enterprise zone and is  
32 eligible to receive incentives or assistance as provided in  
33 section 15E.186, the commission shall submit an application  
34 for incentives or assistance to the department of economic  
35 development. The department may approve, defer, or deny the

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

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

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

- 16 1. New jobs credit from withholding, as provided in  
17 section 15.331.
- 18 2. Sales, services, and use tax refund, as provided in  
19 section 15.331A.
- 20 3. Investment tax credit, as provided in section 15.333.
- 21 4. Research activities credit, as provided in section  
22 15.335.
- 23 5. The county or city for which an eligible enterprise  
24 zone is certified may exempt from all property taxation all or  
25 a portion of the property which is located in an enterprise  
26 zone and which is used in the operation of the eligible  
27 business. The exemption may be allowed for a period not to  
28 exceed ten years beginning the year the eligible business  
29 enters into an agreement with the county or city to locate or  
30 expand operations in an enterprise zone.

31 EXPLANATION

32 The bill authorizes a county to designate up to 1 percent  
33 of its total area as enterprise zones. A city with a  
34 population of 25,000 or more may designate more than one or  
35 more contiguous census tracts as enterprise zones. However,

1 the total amount of land that may be in these city and county  
2 zones cannot exceed in the aggregate 1 percent of the total  
3 area of the county. In addition, the department of economic  
4 development must approve any such designation. In order for  
5 an area to be designated an enterprise zone, at least two of  
6 four criteria must be met. For counties, these are having an  
7 average weekly wage that ranks among the bottom 25 counties  
8 based upon 1995 statistics; family poverty rate that ranks  
9 among the top 25 counties based upon the 1990 census;  
10 population loss that ranks among the top 25 counties between  
11 1990 and 1995; and a percentage of persons 65 years old that  
12 ranks among the top 25 counties. In the case of city-  
13 designated areas these are having a per capital income of  
14 \$9,600 or less, poverty rate of 12 percent or more, and 10  
15 percent or more of housing units are vacant, all according to  
16 the 1990 census, and the valuations in the area equal 75  
17 percent or less of the average for the city. A business that  
18 is or will be located in the enterprise zone shall receive  
19 incentives or assistance if the business meets all of certain  
20 eligibility criteria. These criteria include paying at least  
21 80 percent of the cost of standard medical and dental  
22 insurance, paying at least 100 percent of the average wage in  
23 the county but not less than \$7.50, creation of at least 10  
24 new jobs, and making a capital investment of at least  
25 \$500,000. Businesses that move all or 20 percent or more of  
26 similar operations from another part of the state to the  
27 enterprise zone are not eligible.

28 The incentives and assistance that shall be provided are a  
29 new jobs credit for training new employees to work in the  
30 zone, refund of sales and services taxes for utility services  
31 furnished in the zone and for materials used in construction  
32 contracts done in the zone, investment tax credit for  
33 investments made in the zone, credit for increasing research  
34 activities in the state, and if the county or city so decides,  
35 exemption from all property taxation for property used in the

1 business in the zone.

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LSB 2694SV 77  
mg/sc/14



Rittner, Chair  
Boettger  
McCoy  
Palmer  
Douglas

SSB 202  
Small Business, Economic  
Dev. & Tourism

SENATE FILE 510  
BY (PROPOSED COMMITTEE ON  
SMALL BUSINESS, ECONOMIC  
DEVELOPMENT AND TOURISM  
BILL BY CHAIRPERSON RITTMER)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
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27 before the designation expires. However, the benefits of the  
28 incentive may continue beyond the expiration.

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

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

- 1 a. Is not a retail or professional service business.
- 2 b. Pays at least eighty percent of the cost of a standard
- 3 medical and dental insurance plan for all full-time employees.
- 4 c. Pays an average wage that is at or greater than one
- 5 hundred percent of the average county wage but not less than
- 6 seven dollars and fifty cents per hour.
- 7 d. Creates at least ten full-time positions and maintains
- 8 them for at least five years.
- 9 e. Makes a one-time capital investment of at least five
- 10 hundred thousand dollars. If the business is occupying a
- 11 vacant building suitable for industrial use, the fair market
- 12 value of the building shall be counted toward the capital
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- 23 annual average weekly wage for employees in private business.
- 24 b. The area has a family poverty rate that ranks among the
- 25 top twenty-five counties in the state based on the 1990
- 26 census.
- 27 c. The area has experienced a population loss that ranks
- 28 among the top twenty-five counties in the state between 1990
- 29 and 1995.
- 30 d. The area has a percentage of persons sixty-five years
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35 at least 100 percent of the average wage in the county,

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