

FEB 9 2000

ECONOMIC DEVELOPMENT

HOUSE FILE

2194

BY WISE

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

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

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

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

Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to eligible housing businesses under the economic  
2 development enterprise zone program.

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

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HF 2194

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

3 1. A housing business qualifying under this section is  
4 eligible to receive incentives and assistance only as provided  
5 in this section. Sections 15E.193 and 15E.196 do not apply to  
6 an eligible housing business qualifying under this section.  
7 The housing business must meet all of the following criteria:

8 a. Be located in a city with a population between eight  
9 thousand and twenty-four thousand as determined by population  
10 estimates by the United States bureau of the census for the  
11 year 1995.

12 b. Be located in a city which is not more than thirty-five  
13 miles from an existing enterprise zone in this state or an  
14 equivalent zone in an adjacent state.

15 c. Receive approval by ordinance or resolution from the  
16 city in which the housing business is located. Before  
17 providing approval, the city shall consider the information  
18 required in subsection 5.

19 2. An eligible housing business under this section  
20 includes a housing developer or housing contractor that builds  
21 or rehabilitates a minimum of four single-family homes with a  
22 value, after completion of the building or rehabilitation, not  
23 exceeding one hundred twenty thousand dollars for each home  
24 located in a city meeting the criteria in subsection 1 or one  
25 multiple-dwelling unit building containing three or more  
26 individual dwelling units with a total value per unit, after  
27 completion of the building or rehabilitation, not exceeding  
28 one hundred twenty thousand dollars located in a city meeting  
29 the criteria in subsection 1.

30 3. The single-family homes and dwelling units which are  
31 rehabilitated or constructed by the eligible housing business  
32 shall be modest homes or units but shall include the necessary  
33 amenities. When completed and made available for occupancy,  
34 the single-family homes and dwelling units shall meet the  
35 United States department of housing and urban development's

1 housing quality standards and local safety standards.

2 4. An eligible housing business shall complete building or  
3 rehabilitation within two years from the time the housing  
4 business begins construction on the single-family homes or  
5 dwelling units. The failure to complete construction or  
6 rehabilitation within two years shall result in the eligible  
7 housing business becoming ineligible and subject to the  
8 repayment requirements and penalties enumerated in subsection .  
9 7.

10 5. An eligible housing business shall provide the city  
11 council with all of the following information:

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

14 b. Information dealing with the benefits the housing  
15 business will bring to the area.

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

18 d. An affidavit that the housing business has not, within  
19 the last five years, violated state or federal environmental  
20 and worker safety statutes, rules, and regulations or if such  
21 violation has occurred that there were mitigating  
22 circumstances or such violations did not seriously affect  
23 public health or safety or the environment.

24 6. After a housing business receives approval from the  
25 city, the city shall submit an application for incentives and  
26 assistance to the department of economic development. As part  
27 of the application, the city shall submit information relating  
28 to requirements of subsections 1, 2, 3, and 5. The department  
29 shall approve, defer, or deny the application. An eligible  
30 housing business which has been approved to receive incentives  
31 and assistance by the department shall receive all of the  
32 following incentives and assistance for a period not to exceed  
33 ten years:

34 a. An eligible housing business may claim an income tax  
35 credit up to a maximum of ten percent of the new investment

1 which is directly related to the building or rehabilitation of  
2 a minimum of four single-family homes located in a city  
3 meeting the criteria in subsection 1 or one multiple-dwelling  
4 unit building containing three or more individual dwelling  
5 units located in a city meeting the criteria in subsection 1.  
6 Any credit in excess of the tax liability for the tax year may  
7 be credited to the tax liability for the following seven years  
8 or until depleted, whichever occurs earlier. If the business  
9 is a partnership, subchapter S corporation, limited liability  
10 company, or estate or trust electing to have the income taxed  
11 directly to the individual, an individual may claim the tax  
12 credit allowed. The amount claimed by the individual shall be  
13 based upon the pro rata share of the individual's earnings of  
14 the partnership, subchapter S corporation, limited liability  
15 company, or estate or trust.

16 b. Sales, services, and use tax refund, as provided in  
17 section 15.331A.

18 7. If a housing business has received incentives or  
19 assistance under this section and fails to continue to fulfil  
20 the requirements of this section to be an eligible housing  
21 business, the business is subject to repayment of all or a  
22 portion of the incentives and assistance that it has received.  
23 The department of revenue and finance shall have the authority  
24 to recover the value of state taxes or incentives provided  
25 under this section. The value of state incentives provided  
26 under this section includes applicable interest and penalties.  
27 The department of economic development and the city shall  
28 enter into agreement with the business specifying the method  
29 for determining the amount of incentives or assistance paid  
30 which will be repaid in the event of failure to continue to  
31 fulfil the requirements of this section. In addition, a  
32 business that fails to continue to fulfil the requirements of  
33 this section shall not receive incentives or assistance for  
34 each year during which the business is not in compliance.

35 8. The department of economic development and the

1 department of revenue and finance shall each adopt rules to  
2 jointly administer this section.

3 EXPLANATION

4 This bill creates a new type of eligible business under the  
5 enterprise zone program administered by the department of  
6 economic development.

7 The bill allows a housing business which is not located in  
8 an enterprise zone to receive incentives and assistance under  
9 the program provided that certain criteria are met. The  
10 business must be located in a city with a population between  
11 8,000 and 24,000 which is not more than 35 miles from an  
12 existing enterprise zone in this state or an equivalent zone  
13 in an adjacent state. The city must approve the housing  
14 business after consideration of information submitted by the  
15 housing business.

16 The bill provides that an eligible housing business  
17 includes a housing developer or housing contractor that builds  
18 or rehabilitates a minimum of four single-family homes with a  
19 value, after completion of the building or rehabilitation, not  
20 exceeding \$120,000 for each home or one multiple-dwelling unit  
21 building containing three or more individual dwelling units  
22 with a total value per unit, after completion of the building  
23 or rehabilitation, not exceeding \$120,000. The bill provides  
24 that the single-family homes and dwelling units must meet  
25 certain minimum quality standards. The bill requires that  
26 building or rehabilitation must be completed within two years  
27 from the time construction began, with the failure to do so  
28 resulting in repayment requirements and penalties.

29 The bill provides that after approval by the city, the city  
30 shall submit an application for incentives and assistance to  
31 the department of economic development. The bill provides  
32 that incentives and assistance a housing business may be  
33 eligible for are the same as those provided in Code section  
34 15E.193B for a housing business located in an enterprise zone.  
35 These incentives and assistance include a tax credit of up to

1 a maximum of 10 percent of the new investment which directly  
2 related to building or rehabilitation and a sales, services,  
3 and use tax refund as provided under the new jobs and income  
4 program.

5 The bill provides that the failure to meet the requirements  
6 of the bill results in certain repayment requirements and  
7 penalties.

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