

FEB 11 2000  
WAYS AND MEANS

HOUSE FILE  
BY SHOULTZ

*2226*

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act creating a retail tax free zone program.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

*HF 2226*

1 Section 1. NEW SECTION. 15.381 TITLE.

2 This part shall be known and may be cited as the "Retail  
3 Tax Free Zone Program".

4 Sec. 2. NEW SECTION. 15.382 DEFINITIONS.

5 As used in this part, unless the context otherwise  
6 requires:

7 1. "Central business district" means a concentration of  
8 contiguous commercial buildings that has historically been the  
9 economic center of a community.

10 2. "Neighborhood commercial district" means a  
11 concentration of contiguous commercial buildings located  
12 separate and apart from a central business district within a  
13 recognized and definable neighborhood of a city that has  
14 historically been the economic center of the neighborhood.

15 Sec. 3. NEW SECTION. 15.383 RETAIL TAX FREE ZONES.

16 1. A city may create a retail tax free zone as authorized  
17 by this part, subject to approval by the department, by  
18 designating a central business district or a neighborhood  
19 commercial district for that purpose. A city may establish  
20 more than one retail tax free zone. However, a city shall  
21 only designate one central business district as a retail tax  
22 free zone.

23 2. A city may apply to the department for an area to be  
24 approved as a retail tax free zone at any time prior to July  
25 1, 2003.

26 3. A retail tax free zone designation shall remain in  
27 effect for ten years following the date of approval.

28 Sec. 4. NEW SECTION. 15.384 RETAIL TAX FREE ZONE  
29 ELIGIBILITY -- APPROVAL.

30 1. A city may file an application for approval of a retail  
31 tax free zone to the department. The application shall, at a  
32 minimum, include the following information:

33 a. The location of the proposed retail tax free zone.

34 b. Evidence that the proposed retail tax free zone is a  
35 central business district or a neighborhood commercial

1 district.

2 c. Evidence that the proposed retail tax free zone meets  
3 the requirements of subsection 2.

4 2. In order to be approved as a retail tax free zone, a  
5 central business district or neighborhood commercial district  
6 must have a high vacancy rate in commercial buildings. The  
7 department may approve, deny, or defer the application.

8 Sec. 5. NEW SECTION. 15.385 BUSINESS ELIGIBILITY --  
9 INCENTIVES.

10 1. A business which is located in an approved retail tax  
11 free zone is an eligible business.

12 2. All retail sales and services by an eligible business  
13 shall be exempt from the taxes imposed by section 422.43  
14 during the duration of the retail tax free zone approval.

15 EXPLANATION

16 This bill creates a retail tax free zone program within the  
17 department of economic development.

18 The bill provides that a city may create a retail tax free  
19 zone, subject to approval by the department, by designating a  
20 central business district or a neighborhood commercial  
21 district for that purpose. The bill provides that a city  
22 shall only designate one central business district as a retail  
23 tax free zone, but may establish more than one retail tax free  
24 zone.

25 The bill provides that the city shall file an application  
26 for approval of a retail tax free zone with the department.  
27 The bill provides that, in order to be a retail tax free zone,  
28 a central business district or neighborhood commercial  
29 district must have a high vacancy rate in commercial  
30 buildings. The department may approve, deny, or defer the  
31 application.

32 The bill provides that all retail sales by a business  
33 located in an approved retail tax free zone shall be exempt  
34 from the sales and services tax imposed pursuant to Code  
35 chapter 422. The bill does exempt retail sales and services

- 1 from local option sales taxes.
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35