

3/20/00 Sent back to Committee from Calendar
2/22/00 Do Pass
SMALL BUS., ECON. DEV. & TOUR

FILED FEB 17 2000

SENATE FILE 2201
BY BOETTGER

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

A BILL FOR

1 An Act relating to the distress criteria of the enterprise zone
2 program and providing an effective date.

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

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SF 2201
SMALL BUS., ECON. DEV. & TOUR.

1 Section 1. Section 15E.194, Code 1999, is amended by
2 adding the following new subsection:

3 NEW SUBSECTION. 2A. An enterprise zone may be designated
4 by a county which is contiguous to at least five counties in
5 which an enterprise zone may be designated pursuant to
6 subsection 1 or 2. Counties which meet only at the points of
7 adjoining corners are not contiguous.

8 Sec. 2. Section 15E.194, subsection 3, Code 1999, is
9 amended to read as follows:

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

15 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
16 immediate importance, takes effect upon enactment.

17 EXPLANATION

18 This bill amends the enterprise zone program administered
19 by the department of economic development.

20 The bill provides that an enterprise zone may be designated
21 by a county which is contiguous to at least five counties in
22 which an enterprise zone may be designated by a county or a
23 city. Counties which meet only at the points of adjoining
24 corners are not contiguous.

25 The bill takes effect upon enactment.

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**SENATE FILE 2201
FISCAL NOTE**

A fiscal note for **Senate File 2201** 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.

Senate File 2201 expands economic development enterprise zone qualifying requirements to allow enterprise zones in counties which are contiguous to at least five counties with current enterprise zone eligibility.

ASSUMPTIONS

1. Two counties, Carroll and Shelby, will qualify under the new criteria.
2. The creation of enterprise zones in two counties would increase the number of qualified businesses by one every two years and the number of qualified housing projects by two per year.
3. Due to the certification process, the projects would not become operational until FY 2002.
4. The General Fund cost of tax credits and refunds would be \$37,000 per qualified business in the first year, and \$21,000 each year for the following seven years.
5. The General Fund cost of tax credits and refunds would be \$45,000 per qualified housing project in the first year, and \$30,000 for the following seven years.

FISCAL IMPACT

Expanding the enterprise zone designations to Shelby and Carroll counties would decrease General Fund revenues by \$127,000 in FY 2002 and \$171,000 in FY 2003. For the eight fiscal year period of 2002 through 2009, the General Fund revenue reduction would be \$2.9 million. The majority of the fiscal impact is due to the 10.0% tax credit available for qualified housing projects.

SOURCE

Department of Economic Development

(LSB 5993SS, JWR)

FILED MARCH 1, 2000

BY DENNIS PROUTY, FISCAL DIRECTOR