

MAR 14 2003
WAYS AND MEANS

Placed on
calendar 3/17/03

HOUSE FILE **576**
BY COMMITTEE ON ECONOMIC GROWTH

(SUCCESSOR TO HSB 84)

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

A BILL FOR

1 An Act relating to the enterprise zone program and including
2 effective date provisions.

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

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HOUSE FILE 576

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H-1171

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1 Amend House File 576 as follows:

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2 1. Page 2, line 21, by striking the word
3 "positions," and inserting the following: "positions,
4 and".

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5 2. Page 2, by striking lines 22 through 24 and
6 inserting the following: "subsection 1, paragraphs
7 "a", "b", and "c", ~~and not share common ownership or
8 common management with the development business.~~ If a
9 nonretail business locating in a building space

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10 occupies ninety percent or less of the building space,

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11 the nonretail business shall not share common

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12 ownership or common management with the development

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13 business. A development business shall receive a pro
14 rata".

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By JENKINS of Black Hawk

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H-1171 FILED MARCH 26, 2003

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Adopted 3/17/03

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HF 576

1 Section 1. Section 15E.192, subsection 3, paragraphs a and
2 b, Code 2003, are amended to read as follows:

3 a. A county or city which meets the distress criteria
4 provided in section 15E.194, Code 2001, may apply to the
5 department for an area to be certified as an enterprise zone
6 at any time prior to ~~July~~ December 1, 2003. However, the
7 total amount of land designated as enterprise zones under
8 subsections 1 and 2, and any other enterprise zones certified
9 by the department, excluding those approved pursuant to
10 section 15E.194, subsection 4, shall not exceed in the
11 aggregate one percent of the total county area.

12 b. An enterprise zone certified by the department pursuant
13 to subsection 2 shall not be decertified or only be amended if
14 the amendment consists of an area being added to the
15 enterprise zone and the added area meets the criteria of
16 section 15E.194, subsection 2. An enterprise zone certified
17 by the department pursuant to subsection 1 or 2 may be
18 decertified; however, if a subsequent enterprise zone is
19 designated, the expiration date of the subsequent enterprise
20 zone shall be the same as the expiration date of the
21 decertified enterprise zone. A portion of a certified
22 enterprise zone may be decertified, provided that the
23 remaining portion of the certified enterprise zone meets the
24 distress criteria provided in section 15E.194.

25 Sec. 2. Section 15E.193, Code 2003, is amended by adding
26 the following new subsection:

27 | NEW SUBSECTION. 4. If a business that is approved to
28 receive incentives or assistance provided under section
29 15E.196 experiences a layoff within the state or closes any of
30 its facilities within the state prior to receiving the
31 incentives and assistance, the department may reduce or
32 eliminate all or a portion of the incentives and assistance.
33 If a business has received incentives or assistance under
34 section 15E.196 and experiences a layoff within the state or
35 closes any of its facilities within the state after receiving

1 the incentives and assistance, the business may be subject to
2 repayment of all or a portion of the incentives and assistance
3 that it has received.

4 Sec. 3. Section 15E.193B, subsection 3, Code 2003, is
5 amended to read as follows:

6 3. The single-family homes and dwelling units which are
7 rehabilitated or constructed by the eligible housing business
8 shall ~~be-modest-homes-or-units-but-shall~~ include the necessary
9 amenities. When completed and made available for occupancy,
10 the single-family homes and dwelling units shall meet the
11 United States department of housing and urban development's
12 housing quality standards and local safety standards.

13 Sec. 4. Section 15E.193C, subsection 5, Code 2003, is
14 amended to read as follows:

15 5. Prior to ~~applying-for~~ receiving assistance under this
16 section, an eligible development business shall enter into an
17 agreement with at least one business for purposes of locating
18 the business in all or a portion of the building space for a
19 period of at least five years. Nonretail businesses locating
20 in a building space must create at least ten full-time
21 positions, meet the criteria provided in section 15E.193,
22 subsection 1, paragraphs "a", "b", and "c", and not share
23 common ownership or common management with the development
24 business. A development business shall receive a pro rata
25 share of the total incentives and assistance available to the
26 development business based on the percentage of the building
27 that is leased to nonretail businesses. The department shall
28 determine the procedure for issuing the incentives and
29 assistance on a pro rata basis.

30 Sec. 5. 2002 Iowa Acts, chapter 1145, section 7, is
31 amended to read as follows:

32 SEC. 7. Section 15E.192, subsection 4 3, paragraph a, Code
33 2003, is amended by striking the paragraph.

34 Sec. 6. 2002 Iowa Acts, chapter 1145, section 10,
35 subsection 2, is amended to read as follows:

1 receive incentives or assistance or a business that has
2 already received incentives or assistance experiences a layoff
3 within the state or closes any of its facilities within the
4 state. The bill allows the department to reduce or eliminate
5 incentives and assistance if the business has not yet received
6 incentives and assistance and to require repayment if
7 incentives and assistance have already been received.

8 The bill amends the housing business portion of the
9 enterprise zone program by striking a requirement that single-
10 family homes and dwelling units which are rehabilitated or
11 constructed by the eligible housing business must be modest
12 homes or units.

13 The bill amends the development business portion of the
14 enterprise zone program by allowing an eligible development
15 business to be approved under the program prior to entering
16 into an agreement with at least one business for purposes of
17 locating the business in all or a portion of the building
18 space for a period of at least five years. However, the bill
19 requires the agreement to be entered into prior to the
20 eligible development business receiving any assistance under
21 the program.

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HF 576 - Enterprise Zones (LSB 1262 HV)

Analyst: Russell Trimble (Phone: (515) 281-4613) (russ.trimble@legis.state.ia.us)

Fiscal Note Version — New

Description

House File 576 amends the Enterprise Zone Program allowing for the following significant changes:

- Current zone boundaries will be allowed to be amended provided that the area being incorporated in the zone meets all the criteria on its own.
- An existing zone or portion of a zone that is unutilized will be allowed to be decertified to make room under the 1.0% cap for a subsequent zone provided that decertifying the portion of the zone does not invalidate the remaining portion of the zone. Amending a zone will have no impact on the original expiration date of the zone.
- The July 1, 2003 sunset date for counties that qualified under the 1990 census distress criteria is extended to December 1, 2003, to allow counties to make the changes to the zones.
- A lease will no longer be required for a development business to apply for benefits, however, the lease would still be required in order to receive benefits.
- The Bill provides the Department of Economic Development with some recourse when a business approved for tax incentives and assistance experiences a layoff or closes a facility within Iowa.

Assumptions

1. Amending enterprise zone boundaries will result in greater utilization of the Program.
 2. Counties are allowed to designate up to 1.0% of the land area of the county as an enterprise zone. Counties that are not nearing the 1.0% cap will not contribute to the fiscal impact of the proposed legislation. This is due to the fact that they still have space under current law to create more zones if need be. The impact will result from a county that is close to or at the 1.0% cap. If these counties amend a zone due to underutilization, the amended zone would most likely result in additional projects.
 3. Cities are allowed to designate up to 1.0% of the city as an enterprise zone but must also meet certain distress criteria. Cities will not likely contribute to the fiscal impact due to the fact that according to the Department of Economic Development the cities that are close to the 1.0% cap (Cedar Rapids, Davenport, Des Moines, Fort Dodge, Ottumwa, Sioux City, and Waterloo) do not have a lot of remaining areas that would qualify.
 4. The following counties are close to the 1.0% cap: Adams, Cass, Fremont, and Guthrie. In the last five years, Adams County has had one business project, Cass County has had one housing project, Fremont County has had one business project, and Guthrie County has had two business projects.
 5. The four counties will add the same number and type of projects over the next five years that they did over the last five years resulting in four new business projects and one new housing project.
 6. Each project will receive a 10.0% investment tax credit. The average enterprise zone business project investment is approximately \$9.5 million per project. The average enterprise zone housing project is \$1.7 million per project. Each business project will, therefore, result in an average tax credit of \$950,000, and each housing project will result in an average tax credit of \$170,000.
 7. It will take an average of two years to amend and establish a new zone, submit an application for benefits, and start a new project. Therefore, the fiscal impact of this legislation will not be realized until FY 2006.
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8. All tax credits available will be utilized over a five- to ten-year period starting in FY 2006.

Fiscal Impact

House File 576 would reduce General Fund revenues by approximately \$4.0 million over a period of five to ten years starting in FY 2006.

Sources

Iowa Department of Economic Development
Iowa Department of Revenue and Finance

/s/ Dennis C Prouty

March 24, 2003

HOUSE FILE 576
BY COMMITTEE ON ECONOMIC GROWTH

(SUCCESSOR TO HSB 84)

(As Amended and Passed by the House March 27, 2003)

Passed House, Date Passed 3/27/03 Passed Senate, Date 4/28/03
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved 5/15/03

A BILL FOR

1 An Act relating to the enterprise zone program and including
2 effective date provisions.

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

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House Amendments _____

1 Section 1. Section 15E.192, subsection 3, paragraphs a and
2 b, Code 2003, are amended to read as follows:

3 a. A county or city which meets the distress criteria
4 provided in section 15E.194, Code 2001, may apply to the
5 department for an area to be certified as an enterprise zone
6 at any time prior to ~~July~~ December 1, 2003. However, the
7 total amount of land designated as enterprise zones under
8 subsections 1 and 2, and any other enterprise zones certified
9 by the department, excluding those approved pursuant to
10 section 15E.194, subsection 4, shall not exceed in the
11 aggregate one percent of the total county area.

12 b. An enterprise zone certified by the department pursuant
13 to subsection 2 shall not-be-decertified-or only be amended if
14 the amendment consists of an area being added to the
15 enterprise zone and the added area meets the criteria of
16 section 15E.194, subsection 2. An enterprise zone certified
17 by the department pursuant to subsection 1 or 2 may be
18 decertified; however, if a subsequent enterprise zone is
19 designated, the expiration date of the subsequent enterprise
20 zone shall be the same as the expiration date of the
21 decertified enterprise zone. A portion of a certified
22 enterprise zone may be decertified, provided that the
23 remaining portion of the certified enterprise zone meets the
24 distress criteria provided in section 15E.194.

25 Sec. 2. Section 15E.193, Code 2003, is amended by adding
26 the following new subsection:

27 NEW SUBSECTION. 4. If a business that is approved to
28 receive incentives or assistance provided under section
29 15E.196 experiences a layoff within the state or closes any of
30 its facilities within the state prior to receiving the
31 incentives and assistance, the department may reduce or
32 eliminate all or a portion of the incentives and assistance.
33 If a business has received incentives or assistance under
34 section 15E.196 and experiences a layoff within the state or
35 closes any of its facilities within the state after receiving

1 the incentives and assistance, the business may be subject to
2 repayment of all or a portion of the incentives and assistance
3 that it has received.

4 Sec. 3. Section 15E.193B, subsection 3, Code 2003, is
5 amended to read as follows:

6 3. The single-family homes and dwelling units which are
7 rehabilitated or constructed by the eligible housing business
8 shall ~~be-modest-homes-or-units-but-shall~~ include the necessary
9 amenities. When completed and made available for occupancy,
10 the single-family homes and dwelling units shall meet the
11 United States department of housing and urban development's
12 housing quality standards and local safety standards.

13 Sec. 4. Section 15E.193C, subsection 5, Code 2003, is
14 amended to read as follows:

15 5. Prior to ~~applying-for~~ receiving assistance under this
16 section, an eligible development business shall enter into an
17 agreement with at least one business for purposes of locating
18 the business in all or a portion of the building space for a
19 period of at least five years. Nonretail businesses locating
20 in a building space must create at least ten full-time
21 positions, and meet the criteria provided in section 15E.193,
22 subsection 1, paragraphs "a", "b", and "c", and not share
23 common-ownership-or-common-management-with-the-development
24 business. If a nonretail business locating in a building
25 space occupies ninety percent or less of the building space,
26 the nonretail business shall not share common ownership or
27 common management with the development business. A
28 development business shall receive a pro rata share of the
29 total incentives and assistance available to the development
30 business based on the percentage of the building that is
31 leased to nonretail businesses. The department shall
32 determine the procedure for issuing the incentives and
33 assistance on a pro rata basis.

34 Sec. 5. 2002 Iowa Acts, chapter 1145, section 7, is
35 amended to read as follows:

1 SEC. 7. Section 15E.192, subsection 4 3, paragraph a, Code
2 2003, is amended by striking the paragraph.

3 Sec. 6. 2002 Iowa Acts, chapter 1145, section 10,
4 subsection 2, is amended to read as follows:

5 2. Section 7 of this Act, striking section 15E.192,
6 subsection 4 3, paragraph "a", Code 2003, takes effect ~~July~~
7 December 1, 2003.

8 Sec. 7. EFFECTIVE DATE. Sections 1, 5, and 6 of this Act,
9 amending section 15E.192 and 2002 Iowa Acts, chapter 1145,
10 being deemed of immediate importance, take effect upon
11 enactment.

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HF 576 - Enterprise Zones (LSB 1262 HV.1)

Analyst: Russell Trimble (Phone: (515) 281-4613) (russ.trimble@legis.state.ia.us)

Fiscal Note Version — As Amended and Passed by the House

Description

House File 576, as amended and passed by the House, amends the Enterprise Zone Program allowing for the following changes:

- Current zone boundaries will be allowed to be amended provided that the area being incorporated in the zone meets all the criteria on its own.
- An existing zone or portion of a zone that is unutilized will be allowed to be decertified to make room under the 1.0% cap for a subsequent zone provided that decertifying the portion of the zone does not invalidate the remaining portion of the zone. Amending a zone will have no impact on the original expiration date of the zone.
- The July 1, 2003, sunset date for counties that qualified under the 1990 census distress criteria is extended to December 1, 2003, to allow counties to make the changes to the zones.
- A lease will no longer be required for a development business to apply for benefits, however, the lease would still be required in order to receive benefits.
- The Bill, as amended and passed by the House, provides the Department of Economic Development with some recourse when a business approved for tax incentives and assistance experiences a layoff or closes a facility within Iowa.
- Program eligibility requirements are amended to allow for greater participation of certain Development Business Projects in the Enterprise Zone Program.

Assumptions

1. Amending enterprise zone boundaries will result in greater utilization of the Program.
 2. Counties are allowed to designate up to 1.0% of the land area of the county as an enterprise zone. Counties that are not nearing the 1.0% cap will not contribute to the fiscal impact of the proposed legislation. This is due to the fact that they still have space under current law to create more zones if need be. The impact will result from a county that is close to or at the 1.0% cap. If these counties amend a zone due to underutilization, the amended zone would most likely result in additional projects.
 3. Cities are allowed to designate up to 1.0% of the city as an enterprise zone but must also meet certain distress criteria. Cities will not likely contribute to the fiscal impact due to the fact that according to the Department of Economic Development the cities that are close to the 1.0% cap (Cedar Rapids, Davenport, Des Moines, Fort Dodge, Ottumwa, Sioux City, and Waterloo) do not have a lot of remaining areas that would qualify.
 4. The following counties are close to the 1.0% cap: Adams, Cass, Fremont, and Guthrie. In the last five years, Adams County has had one business project, Cass County has had one housing project, Fremont County has had one business project, and Guthrie County has had two business projects.
 5. The four counties will add the same number and type of projects over the next five years that they did over the last five years, resulting in four new business projects and one new housing project.
 6. Each project will receive a 10.0% investment tax credit. The average enterprise zone business project investment is approximately \$9.5 million per project. The average enterprise zone housing project is \$1.7 million per project. Each business project will, therefore, result in an average tax credit of \$950,000, and each housing project will result in an average tax credit of \$170,000.
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7. It will take an average of two years to amend and establish a new zone, submit an application for benefits, and start a new project. Therefore, the fiscal impact of this legislation will not be realized until FY 2006.
8. All tax credits available will be utilized over a five- to ten-year period starting in FY 2006.
9. The Bill, as amended and passed by the House, amends Program eligibility requirements to allow for greater participation of certain development business projects in the Enterprise Zone Program. This will result in an average of one new development business project per year starting in FY 2004.
10. Each project will receive a 10.0% investment tax credit. The average enterprise zone development business project investment is \$2.8 million per project. Each business project will, therefore, result in an average tax credit of \$280,000. These tax credits will be awarded starting in FY 2004.

Fiscal Impact

House File 576, as amended and passed by the House, would reduce General Fund revenues by approximately \$280,000 annually starting in FY 2004 and by \$4.0 million over a period of five to ten years starting in FY 2006.

Sources

Iowa Department of Economic Development
Iowa Department of Revenue and Finance

/s/ Dennis C Prouty

April 8, 2003

Jenkins, Chr.
Boggess
D. Hanson
D. Olson
Smith

Succeeded By **HSB 84**
0576 ECONOMIC GROWTH
SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
ECONOMIC DEVELOPMENT BILL)

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

A BILL FOR

1 An Act relating to the enterprise zone program and including
2 effective date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 Section 1. Section 15E.192, subsection 3, paragraphs a and
2 b, Code 2003, are amended to read as follows:

3 a. A county or city which meets the distress criteria
4 provided in section 15E.194, Code 2001, may apply to the
5 department for an area to be certified as an enterprise zone
6 at any time prior to ~~July~~ December 1, 2003. However, the
7 total amount of land designated as enterprise zones under
8 subsections 1 and 2, and any other enterprise zones certified
9 by the department, excluding those approved pursuant to
10 section 15E.194, subsection 4, shall not exceed in the
11 aggregate one percent of the total county area.

12 b. An enterprise zone certified by the department pursuant
13 to subsection 2 shall not-be-decertified-or only be amended if
14 the amendment consists of an area being added to the
15 enterprise zone and the added area meets the criteria of
16 section 15E.194, subsection 2. An enterprise zone certified
17 by the department pursuant to subsection 1 or 2 may be
18 decertified; however, if a subsequent enterprise zone is
19 designated, the expiration date of the subsequent enterprise
20 zone shall be the same as the expiration date of the
21 decertified enterprise zone.

22 Sec. 2. Section 15E.193, subsection 1, paragraph c, Code
23 2003, is amended to read as follows:

24 c. Pays an average wage that is ~~at-or-greater-than-ninety~~
25 ~~percent-of-the-lesser-of-the-average-county-wage-or-average~~
26 ~~regional-wage,-as-determined-by-the-department~~ equal to or
27 exceeds ninety percent of the average county wage as
28 determined by the department of economic development, ninety
29 percent of the average regional wage as determined by the
30 department of economic development, or the annual wage cap as
31 defined under the community economic betterment program,
32 whichever is lowest. However, the wage paid by the business
33 shall not be less than seven dollars and fifty cents per hour.

34 Sec. 3. Section 15E.193, Code 2003, is amended by adding
35 the following new subsection:

1 NEW SUBSECTION. 4. If a business that is approved to
2 receive incentives or assistance provided under section
3 15E.196 experiences a layoff within the state or closes any of
4 its facilities within the state prior to receiving the
5 incentives and assistance, the department may reduce or
6 eliminate all or a portion of the incentives and assistance.
7 If a business has received incentives or assistance under
8 section 15E.196 and experiences a layoff within the state or
9 closes any of its facilities within the state after receiving
10 the incentives and assistance, the business may be subject to
11 repayment of all or a portion of the incentives and assistance
12 that it has received.

13 Sec. 4. Section 15E.193B, subsection 3, Code 2003, is
14 amended to read as follows:

15 3. The single-family homes and dwelling units which are
16 rehabilitated or constructed by the eligible housing business
17 shall ~~be-modest-homes-or-units-but-shall~~ include the necessary
18 amenities. When completed and made available for occupancy,
19 the single-family homes and dwelling units shall meet the
20 United States department of housing and urban development's
21 housing quality standards and local safety standards.

22 Sec. 5. Section 15E.193C, subsection 5, Code 2003, is
23 amended to read as follows:

24 5. Prior to ~~applying-for~~ receiving assistance under this
25 section, an eligible development business shall enter into an
26 agreement with at least one business for purposes of locating
27 the business in all or a portion of the building space for a
28 period of at least five years. Nonretail businesses locating
29 in a building space must create at least ten full-time
30 positions, meet the criteria provided in section 15E.193,
31 subsection 1, paragraphs "a", "b", and "c", and not share
32 common ownership or common management with the development
33 business. A development business shall receive a pro rata
34 share of the total incentives and assistance available to the
35 development business based on the percentage of the building

1 that is leased to nonretail businesses. The department shall
2 determine the procedure for issuing the incentives and
3 assistance on a pro rata basis.

4 Sec. 6. 2002 Iowa Acts, chapter 1145, section 7, is
5 amended to read as follows:

6 SEC. 7. Section 15E.192, subsection 4 3, paragraph a, Code
7 2003, is amended by striking the paragraph.

8 Sec. 7. 2002 Iowa Acts, chapter 1145, section 10,
9 subsection 2, is amended to read as follows:

10 2. Section 7 of this Act, striking section 15E.192,
11 subsection 4 3, paragraph "a", Code 2003, takes effect ~~July~~
12 December 1, 2003.

13 Sec. 8. EFFECTIVE DATE. Sections 1, 6, and 7 of this Act,
14 amending section 15E.192 and 2002 Iowa Acts, chapter 1145,
15 being deemed of immediate importance, take effect upon
16 enactment.

17 EXPLANATION

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

20 In 2002, the enterprise zone program was amended to change
21 all references to the 1990 certified federal census to the
22 2000 certified federal census and allowed counties and cities
23 currently meeting the distress criteria based on the 1990
24 census to continue to designate enterprise zones until July 1,
25 2003. The bill changes the July 1, 2003, deadline to December
26 1, 2003, and makes conforming amendments to 2002 Iowa Acts,
27 chapter 1145, which take effect upon enactment.

28 Currently, the enterprise zone program prohibits an
29 enterprise zone from being decertified or amended. The bill
30 provides that an enterprise zone designated by a city shall
31 only be amended if the amendment consists of an area being
32 added to the enterprise zone and the added area meets the
33 distress criteria for cities. The bill provides that an
34 enterprise zone designated by a county or city may be
35 decertified; however, if a subsequent enterprise zone is

1 designated, the expiration date of the subsequent enterprise
2 zone shall be the same as the expiration date of the
3 decertified enterprise zone. These provisions take effect
4 upon enactment.

5 The bill amends the wage requirements for an eligible
6 business under the enterprise zone program. The bill provides
7 that a business must pay an average wage that is equal to or
8 exceeds 90 percent of the average county wage as determined by
9 the department of economic development, 90 percent of the
10 average regional wage as determined by the department of
11 economic development, or the annual wage cap, whichever is
12 lowest. A current Code provision remains unchanged that sets
13 a wage rate floor of \$7.50 per hour.

14 The bill adds reduction and payback provisions to the
15 enterprise zone program if a business that is approved to
16 receive incentives or assistance or a business that has
17 already received incentives or assistance experiences a layoff
18 within the state or closes any of its facilities within the
19 state. The bill allows the department to reduce or eliminate
20 incentives and assistance if the business has not yet received
21 incentives and assistance and to require repayment if
22 incentives and assistance have already been received.

23 The bill amends the housing business portion of the
24 enterprise zone program by striking a requirement that single-
25 family homes and dwelling units which are rehabilitated or
26 constructed by the eligible housing business must be modest
27 homes or units.

28 The bill amends the development business portion of the
29 enterprise zone program by allowing an eligible development
30 business to be approved under the program prior to entering
31 into an agreement with at least one business for purposes of
32 locating the business in all or a portion of the building
33 space for a period of at least five years. However, the bill
34 requires the agreement to be entered into prior to the
35 eligible development business receiving any assistance under

S.F. _____ H.F. _____

1 the program.

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LSB 1262DP 80

TO: Members of the General Assembly

FROM: Mary Lawyer, Interim Director
Iowa Department of Economic Development

Date: January 5, 2003

RE: Enterprise Zone Changes

The attached bill requests several changes to the Enterprise Zone Program.

The bill includes language that would allow a city or county to amend the boundaries of an existing Enterprise Zone provided that the area being incorporated into the zone could meet the eligibility requirements on a "stand-alone" basis.

Furthermore, language has been included to allow a city or county to request that an existing Enterprise Zone that is unutilized or underutilized be decertified to make room under the 1% cap for a subsequent zone. However, in this situation, the new zone's expiration date would be the same date as the decertified zone's expiration date. Keeping the expiration dates the same would discourage the practice of decertifying zones just to "restart" the 10-year time period. If this language is approved, the Department is recommending that the July 1, 2003 sunset date for counties that qualified under the 1990 Census be extended to December 1, 2003 to allow counties to make changes.

The bill includes language that allows the Department to cap the Enterprise Zone wage requirement. This would keep the Enterprise Zone wage requirements consistent with the 90% wage requirement under the CEBA program, which currently utilizes a wage cap.

The bill removes references to "modest homes" in the housing part of the Enterprise Zone program. The program already limits the tax credits per housing unit to 10% of the first \$140,000. Requiring the homes to also be modest, which could significantly vary in definition between rural and urban communities, further complicates the program. In addition, limiting the program to "modest" housing results in the missed opportunity of building new, more attractive housing stock which would free up existing, lower cost housing in areas lacking available housing.

Based on feedback received during several community training sessions conducted by the Department, the Department is proposing that a lease no longer be required to apply for benefits under the Development Business section. The lease would be required in order to receive benefits but would not be required to apply for benefits. This would essentially provide developers with a "pre-approval" which they could obtain before breaking ground or starting the rehabilitation process.

Finally, the bill adds a new code section that provides the Department with some recourse when a business approved for tax incentives and assistance experiences a layoff or closes a facility within Iowa. The language allows the Department discretion when determining if or what action should be taken in these situations.

HOUSE FILE 576

AN ACT

RELATING TO THE ENTERPRISE ZONE PROGRAM AND INCLUDING EFFECTIVE
DATE PROVISIONS.

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

Section 1. Section 15E.192, subsection 3, paragraphs a and
b, Code 2003, are amended to read as follows:

a. A county or city which meets the distress criteria
provided in section 15E.194, Code 2001, may apply to the
department for an area to be certified as an enterprise zone
at any time prior to ~~July~~ December 1, 2003. However, the
total amount of land designated as enterprise zones under
subsections 1 and 2, and any other enterprise zones certified
by the department, excluding those approved pursuant to

section 15E.194, subsection 4, shall not exceed in the aggregate one percent of the total county area.

b. An enterprise zone certified by the department pursuant to subsection 2 shall not-be-decertified-or only be amended if the amendment consists of an area being added to the enterprise zone and the added area meets the criteria of section 15E.194, subsection 2. An enterprise zone certified by the department pursuant to subsection 1 or 2 may be decertified; however, if a subsequent enterprise zone is designated, the expiration date of the subsequent enterprise zone shall be the same as the expiration date of the decertified enterprise zone. A portion of a certified enterprise zone may be decertified, provided that the remaining portion of the certified enterprise zone meets the distress criteria provided in section 15E.194.

Sec. 2. Section 15E.193, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 4. If a business that is approved to receive incentives or assistance provided under section 15E.196 experiences a layoff within the state or closes any of its facilities within the state prior to receiving the incentives and assistance, the department may reduce or eliminate all or a portion of the incentives and assistance. If a business has received incentives or assistance under section 15E.196 and experiences a layoff within the state or closes any of its facilities within the state after receiving the incentives and assistance, the business may be subject to repayment of all or a portion of the incentives and assistance that it has received.

Sec. 3. Section 15E.193B, subsection 3, Code 2003, is amended to read as follows:

3. The single-family homes and dwelling units which are rehabilitated or constructed by the eligible housing business shall ~~be-modest-homes-or-units-but-shall~~ include the necessary amenities. When completed and made available for occupancy,

the single-family homes and dwelling units shall meet the United States department of housing and urban development's housing quality standards and local safety standards.

Sec. 4. Section 15E.193C, subsection 5, Code 2003, is amended to read as follows:

5. Prior to ~~applying-for~~ receiving assistance under this section, an eligible development business shall enter into an agreement with at least one business for purposes of locating the business in all or a portion of the building space for a period of at least five years. Nonretail businesses locating in a building space must create at least ten full-time positions, and meet the criteria provided in section 15E.193, subsection 1, paragraphs "a", "b", and "c", ~~and not share common-ownership-or-common-management-with-the-development business.~~ If a nonretail business locating in a building space occupies ninety percent or less of the building space, the nonretail business shall not share common ownership or common management with the development business. A development business shall receive a pro rata share of the total incentives and assistance available to the development business based on the percentage of the building that is leased to nonretail businesses. The department shall determine the procedure for issuing the incentives and assistance on a pro rata basis.

Sec. 5. 2002 Iowa Acts, chapter 1145, section 7, is amended to read as follows:

SEC. 7. Section 15E.192, subsection 4 3, paragraph a, Code 2003, is amended by striking the paragraph.

Sec. 6. 2002 Iowa Acts, chapter 1145, section 10, subsection 2, is amended to read as follows:

2. Section 7 of this Act, striking section 15E.192, subsection 4 3, paragraph "a", Code 2003, takes effect ~~July~~ December 1, 2003.

Sec. 7. EFFECTIVE DATE. Sections 1, 5, and 6 of this Act, amending section 15E.192 and 2002 Iowa Acts, chapter 1145,

being deemed of immediate importance, take effect upon enactment.

CHRISTOPHER C. RANTS
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 576, Eightieth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved _____, 2003

THOMAS J. VILSACK
Governor