

House Study Bill 84

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:
4 TLSB 1262DP 80
5 tm/cl/14

PAG LIN

1 1 Section 1. Section 15E.192, subsection 3, paragraphs a and
1 2 b, Code 2003, are amended to read as follows:
1 3 a. A county or city which meets the distress criteria
1 4 provided in section 15E.194, Code 2001, may apply to the
1 5 department for an area to be certified as an enterprise zone
1 6 at any time prior to ~~July~~ December 1, 2003. However, the
1 7 total amount of land designated as enterprise zones under
1 8 subsections 1 and 2, and any other enterprise zones certified
1 9 by the department, excluding those approved pursuant to
1 10 section 15E.194, subsection 4, shall not exceed in the
1 11 aggregate one percent of the total county area.

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

1 22 Sec. 2. Section 15E.193, subsection 1, paragraph c, Code
1 23 2003, is amended to read as follows:
1 24 c. Pays an average wage that is ~~at or greater than ninety~~
1 25 ~~percent of the lesser of the average county wage or average~~
1 26 ~~regional wage, as determined by the department equal to or~~
1 27 ~~exceeds ninety percent of the average county wage as~~
1 28 ~~determined by the department of economic development, ninety~~
1 29 ~~percent of the average regional wage as determined by the~~
1 30 ~~department of economic development, or the annual wage cap as~~
1 31 ~~defined under the community economic betterment program,~~
1 32 ~~whichever is lowest.~~ However, the wage paid by the business
1 33 shall not be less than seven dollars and fifty cents per hour.

1 34 Sec. 3. Section 15E.193, Code 2003, is amended by adding
1 35 the following new subsection:
2 1 NEW SUBSECTION. 4. If a business that is approved to
2 2 receive incentives or assistance provided under section
2 3 15E.196 experiences a layoff within the state or closes any of
2 4 its facilities within the state prior to receiving the
2 5 incentives and assistance, the department may reduce or
2 6 eliminate all or a portion of the incentives and assistance.
2 7 If a business has received incentives or assistance under
2 8 section 15E.196 and experiences a layoff within the state or
2 9 closes any of its facilities within the state after receiving
2 10 the incentives and assistance, the business may be subject to
2 11 repayment of all or a portion of the incentives and assistance
2 12 that it has received.

2 13 Sec. 4. Section 15E.193B, subsection 3, Code 2003, is
2 14 amended to read as follows:
2 15 3. The single-family homes and dwelling units which are
2 16 rehabilitated or constructed by the eligible housing business
2 17 ~~shall be modest homes or units but shall~~ include the necessary
2 18 amenities. When completed and made available for occupancy,
2 19 the single-family homes and dwelling units shall meet the
2 20 United States department of housing and urban development's
2 21 housing quality standards and local safety standards.
2 22 Sec. 5. Section 15E.193C, subsection 5, Code 2003, is
2 23 amended to read as follows:

2 24 5. Prior to applying for receiving assistance under this
2 25 section, an eligible development business shall enter into an
2 26 agreement with at least one business for purposes of locating
2 27 the business in all or a portion of the building space for a
2 28 period of at least five years. Nonretail businesses locating
2 29 in a building space must create at least ten full-time
2 30 positions, meet the criteria provided in section 15E.193,
2 31 subsection 1, paragraphs "a", "b", and "c", and not share
2 32 common ownership or common management with the development
2 33 business. A development business shall receive a pro rata
2 34 share of the total incentives and assistance available to the
2 35 development business based on the percentage of the building
3 1 that is leased to nonretail businesses. The department shall
3 2 determine the procedure for issuing the incentives and
3 3 assistance on a pro rata basis.

3 4 Sec. 6. 2002 Iowa Acts, chapter 1145, section 7, is
3 5 amended to read as follows:

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

3 8 Sec. 7. 2002 Iowa Acts, chapter 1145, section 10,
3 9 subsection 2, is amended to read as follows:

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

3 13 Sec. 8. EFFECTIVE DATE. Sections 1, 6, and 7 of this Act,
3 14 amending section 15E.192 and 2002 Iowa Acts, chapter 1145,
3 15 being deemed of immediate importance, take effect upon
3 16 enactment.

3 17 EXPLANATION

3 18 This bill amends the enterprise zone program administered
3 19 by the department of economic development.

3 20 In 2002, the enterprise zone program was amended to change
3 21 all references to the 1990 certified federal census to the
3 22 2000 certified federal census and allowed counties and cities
3 23 currently meeting the distress criteria based on the 1990
3 24 census to continue to designate enterprise zones until July 1,
3 25 2003. The bill changes the July 1, 2003, deadline to December
3 26 1, 2003, and makes conforming amendments to 2002 Iowa Acts,
3 27 chapter 1145, which take effect upon enactment.

3 28 Currently, the enterprise zone program prohibits an
3 29 enterprise zone from being decertified or amended. The bill
3 30 provides that an enterprise zone designated by a city shall
3 31 only be amended if the amendment consists of an area being
3 32 added to the enterprise zone and the added area meets the
3 33 distress criteria for cities. The bill provides that an
3 34 enterprise zone designated by a county or city may be
3 35 decertified; however, if a subsequent enterprise zone is
4 1 designated, the expiration date of the subsequent enterprise
4 2 zone shall be the same as the expiration date of the
4 3 decertified enterprise zone. These provisions take effect
4 4 upon enactment.

4 5 The bill amends the wage requirements for an eligible
4 6 business under the enterprise zone program. The bill provides
4 7 that a business must pay an average wage that is equal to or
4 8 exceeds 90 percent of the average county wage as determined by
4 9 the department of economic development, 90 percent of the
4 10 average regional wage as determined by the department of
4 11 economic development, or the annual wage cap, whichever is
4 12 lowest. A current Code provision remains unchanged that sets
4 13 a wage rate floor of \$7.50 per hour.

4 14 The bill adds reduction and payback provisions to the
4 15 enterprise zone program if a business that is approved to
4 16 receive incentives or assistance or a business that has
4 17 already received incentives or assistance experiences a layoff
4 18 within the state or closes any of its facilities within the
4 19 state. The bill allows the department to reduce or eliminate
4 20 incentives and assistance if the business has not yet received
4 21 incentives and assistance and to require repayment if
4 22 incentives and assistance have already been received.

4 23 The bill amends the housing business portion of the
4 24 enterprise zone program by striking a requirement that single=
4 25 family homes and dwelling units which are rehabilitated or
4 26 constructed by the eligible housing business must be modest
4 27 homes or units.

4 28 The bill amends the development business portion of the
4 29 enterprise zone program by allowing an eligible development
4 30 business to be approved under the program prior to entering
4 31 into an agreement with at least one business for purposes of
4 32 locating the business in all or a portion of the building
4 33 space for a period of at least five years. However, the bill
4 34 requires the agreement to be entered into prior to the

4 35 eligible development business receiving any assistance under
5 1 the program.
5 2 LSB 1262DP 80
5 3 tm/cl/14.1