

# House File 2

HOUSE FILE \_\_\_\_\_  
BY WISE and COHOON

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

## A BILL FOR

1 An Act relating to the designation of pilot project cities for a  
2 targeted jobs withholding tax credit to be used for funding  
3 improvements in certain urban renewal areas and including  
4 effective and retroactive applicability date provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TLSB 1346YH 82  
7 tm/gg/14

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1 1 Section 1. Section 403.19A, subsection 2, paragraph b,  
1 2 Code 2007, is amended to read as follows:  
1 3 b. The department of economic development shall approve  
1 4 four eligible cities as pilot project cities, one pursuant to  
1 5 paragraph "a", subparagraph (1), one pursuant to paragraph  
1 6 "a", subparagraph (2), and two pursuant to paragraph "a",  
1 7 subparagraph (3). If two eligible cities are approved which  
1 8 are located in the same county and the county has a population  
1 9 of less than forty-five thousand, the two approved eligible  
1 10 cities shall be considered one pilot project city. If more  
1 11 than two cities meeting the requirements of paragraph "a",  
1 12 subparagraph (3), apply to be designated as a pilot project  
1 13 city, the department of management, in consultation with the  
1 14 department of economic development, shall determine which two  
1 15 cities hold the most potential to create new jobs or generate  
1 16 the greatest capital within their areas. Applications from  
1 17 eligible cities filed on or after October 1, 2006, shall not  
1 18 be considered.  
1 19 If a pilot project city does not enter into a withholding  
1 20 agreement within one year of its approval as a pilot project  
1 21 city, the city shall lose its status as a pilot project city.  
1 22 If two pilot project cities are located in the same county,  
1 23 the loss of status by one pilot project city shall not cause  
1 24 the second pilot project city in the county to lose its status  
1 25 as a pilot project city. Upon such occurrence, the department  
1 26 of economic development shall take applications from other  
1 27 eligible cities to replace that city. Another city shall be  
1 28 designated within six months.  
1 29 Sec. 2. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.  
1 30 This Act, being deemed of immediate importance, takes effect  
1 31 upon enactment and is retroactively applicable to July 1,  
1 32 2006, and is applicable to pilot project city applications  
1 33 received prior to October 1, 2006.

1 34 EXPLANATION  
1 35 This bill relates to the designation of pilot project  
2 1 cities for a targeted jobs withholding tax credit to be used  
2 2 for funding improvements in certain urban renewal areas.  
2 3 In 2006, House File 2731 was enacted (2006 Iowa Acts,  
2 4 chapter 1141) to allow four pilot project cities to be  
2 5 approved to assist in funding projects in their urban renewal  
2 6 areas by means of a targeted jobs credit from withholding.  
2 7 The bill provides that if two approved eligible cities are  
2 8 located in the same county and that county has a population of  
2 9 less than 45,000, the two approved eligible cities shall be  
2 10 considered one pilot project city.  
2 11 Currently, a pilot project city loses status as a pilot  
2 12 project city if the city does not enter into a withholding  
2 13 agreement within one year of its approval as a pilot project  
2 14 city. The bill provides that if two pilot project cities are  
2 15 located in the same county, the loss of status by one pilot  
2 16 project city shall not cause the second pilot project city in  
2 17 the county to lose its status as a pilot project city.  
2 18 The bill provides that if more than two cities located in a

2 19 county that borders a state other than Nebraska or South  
2 20 Dakota apply to be designated as a pilot project city, the  
2 21 department of economic development shall determine which two  
2 22 cities hold the most potential to create new jobs or generate  
2 23 the greatest capital within their areas. Currently, the  
2 24 department of management, in consultation with the department  
2 25 of economic development, makes the determination.  
2 26 The bill takes effect upon enactment and is retroactively  
2 27 applicable to July 1, 2006, and applies to pilot project city  
2 28 applications received prior to October 1, 2006.  
2 29 LSB 1346YH 82  
2 30 tm:nh/gg/14