

House File 2182 - Introduced

HOUSE FILE 2182

BY ANDERSON and DOLECHECK

A BILL FOR

1 An Act establishing the sales tax rebate for county development
2 program and making penalties applicable.

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

DIVISION I

SALES TAX REBATE FOR COUNTY DEVELOPMENT PROGRAM

Section 1. NEW SECTION. 15E.370 Short title.

This division shall be known and may be cited as the "*Sales Tax Rebate for County Development Program Act*".

Sec. 2. NEW SECTION. 15E.371 Definitions.

For purposes of this division, unless the context otherwise requires:

1. "*Base employment level*" means the number of full-time equivalent positions at a business, as established by the authority and a business using the business's payroll records, as of the date a business applies for a financial assistance award under the program.

2. "*Base year*" means the fiscal year immediately preceding the year in which an application is made for participation in the sales tax rebate for county development program.

3. "*Created job*" or "*job created*" means a new, permanent, full-time equivalent position added to a business's payroll in excess of the business's base employment level.

4. "*Economic development entity*" means a county board of supervisors, city council, or not-for-profit business association vested by a board of supervisors or city council with the power to represent a particular city or unincorporated area of a county under the program including but not limited to an area chamber of commerce.

5. "*Economic development project*" means a project involving private or joint public and private investment involving the creation of new jobs and income or the retention of existing jobs and income. An economic development project includes a physical infrastructure project so long as it is undertaken with the specific intent to create, attract, or retain jobs and income.

6. "*Financial assistance award*" means assistance provided only from the special fund of a county established pursuant to section 15E.373, subsection 1, and includes but is not limited

1 to assistance in the form of grants, loans, forgivable loans,
2 and royalty payments.

3 7. "*Full-time equivalent position*" means a non-part-time
4 position for the number of hours or days per week considered
5 to be full-time work for the kind of service or work performed
6 for an employer. Typically, a full-time equivalent position
7 requires two thousand eighty hours of work in a calendar year,
8 including all paid holidays, vacations, sick time, and other
9 paid leave.

10 8. "*Maintenance period*" means the period of time between the
11 project completion date and maintenance period completion date.

12 9. "*Maintenance period completion date*" means the date on
13 which the maintenance period ends.

14 10. "*Physical infrastructure project*" means a project
15 that creates necessary infrastructure for economic success
16 throughout Iowa, provides the foundation for the creation of
17 jobs, and that involves the investment of a substantial amount
18 of capital. Physical infrastructure projects include but are
19 not limited to projects involving any mode of transportation;
20 public works and utilities such as sewer, water, power, or
21 telecommunications; physical improvements that mitigate,
22 prevent, or eliminate environmental contamination; and other
23 similar projects deemed to be physical infrastructure by the
24 authority.

25 11. "*Program*" means the sales tax rebate for county
26 development program.

27 12. "*Program application*" means an application by a county
28 to participate in the sales tax rebate for county development
29 program.

30 13. "*Program year*" means the fiscal year beginning July
31 1, 2012, and every fiscal year thereafter during which
32 the authority administers the sales tax rebate for county
33 development program.

34 14. "*Project completion date*" means the date by which a
35 recipient of a financial assistance award has agreed to meet

1 all the terms and obligations contained in an agreement with
2 the authority as described in section 15E.373, subsection 6,
3 paragraph "a".

4 15. "Retained job" means a full-time equivalent position
5 in existence at the time an employer applies for financial
6 assistance which remains continuously filled or authorized
7 to be filled as soon as possible and which is at risk of
8 elimination if the project for which the employer is seeking
9 assistance does not proceed.

10 Sec. 3. NEW SECTION. 15E.372 Sales tax rebate for county
11 development program — establishment and application.

12 1. The authority shall establish and administer a sales
13 tax rebate for county development program to provide counties
14 participating in the program with a one-time, limited rebate
15 of sales tax imposed and collected by retailers upon sales of
16 tangible personal property or services furnished to purchasers
17 within the county. The rebate shall be used to provide
18 financial assistance awards to local economic development
19 projects pursuant to this division.

20 2. a. A county board of supervisors may make application
21 to the authority for participation in the program. Program
22 applications shall be received by November 30, 2012, to be
23 eligible for consideration in the first year of the program,
24 and by November 30 for every year thereafter.

25 b. Program applications shall be made in the manner and form
26 prescribed by the authority and shall contain, at a minimum,
27 the following information:

28 (1) The identity of the economic development entity located
29 in the county that is designated as eligible to apply for
30 financial assistance awards under the program.

31 (a) A city council shall designate one economic development
32 entity to represent it under the program.

33 (b) A county board of supervisors shall designate one
34 economic development entity to represent the unincorporated
35 areas of the county under the program.

1 (c) An economic development entity may represent more
2 than one city or unincorporated area within a county under
3 the program, but no city or unincorporated area shall be
4 represented by more than one economic development entity.

5 (2) Sufficient information to enable the authority to make
6 selections based on the criteria provided in subsection 3,
7 paragraphs "a" through "d".

8 3. After receiving the timely filed program applications
9 for a program year, the authority may, within sixty days,
10 select no more than ten counties to participate in the program.
11 In making selection decisions, the authority shall consider
12 all information contained in a program application, as well
13 as any other relevant information and economic data, giving
14 priority to counties demonstrating the greatest economic
15 development need and the greatest potential for economic growth
16 and expansion, and giving considerable weight to the following:

17 a. A recent business closure or permanent layoff that
18 has, or may have, a significant negative economic impact in
19 the county. For purposes of this paragraph, "*recent business*
20 *closure or permanent layoff*" means the loss of full-time
21 employees, not including retail employees, at one or more
22 places or businesses within the county. To qualify as a loss
23 of a full-time employee, the loss must occur because of the
24 removal of the job to an out-of-state location, the cessation
25 of one or more production lines, the removal of manufacturing
26 machinery and equipment, or similar actions determined to be
27 equivalent in nature by the authority. Loss of full-time
28 employees does not include a layoff of seasonal employees or a
29 layoff that is seasonal in nature.

30 b. A potential economic development project that exists or
31 may exist within a county.

32 c. An unemployment rate for a county that is greater than
33 the state average rate of unemployment.

34 d. A loss of population in a county as shown by the 2010
35 certified federal census when compared with the 2000 certified

1 federal census.

2 4. A county chosen by the authority for participation
3 in the program that receives a sales tax rebate pursuant to
4 section 423.4, subsection 10, paragraph "b", subparagraph (3),
5 is ineligible to submit another program application to the
6 authority for participation in the program.

7 5. a. If a member of the governing body of a city or county
8 or an employee of a state, city, or county board, agency,
9 commission, or other governmental entity of the state, city, or
10 county involved in this program has an interest, either direct
11 or indirect, in a private person, contract, or entity for
12 which financial assistance may be provided under this program,
13 the interest shall be disclosed to that governing body or
14 governmental entity, and the authority, in writing. The member
15 or employee having the interest shall not participate in the
16 decision-making process with regard to the providing of such
17 financial assistance to the private person or entity.

18 b. Employment by a governmental entity, public body, its
19 agencies or institutions, or by any other person having such
20 an interest shall not be deemed an indicia of an interest by
21 the employee or of any ownership or control by the employee of
22 interests of the employee's employer.

23 c. The word "*participate*" or "*participation*" shall be deemed
24 not to include discussion or debate preliminary to a vote of a
25 governmental entity, local governing body, or local agency upon
26 proposed ordinances or resolutions relating to such a project
27 or any abstention from such a vote.

28 d. The designation of a bank or trust company as depository,
29 paying agent, or agent for investment of funds shall not be
30 deemed a matter of interest or personal interest.

31 e. Stock ownership in a corporation, or other equity
32 interest in a business, having such an interest shall not be
33 deemed an indicia of an interest or of ownership or control by
34 the person owning the stock or equity interest when less than
35 five percent of the outstanding stock or equity interest of

1 the corporation or business is owned or controlled directly or
2 indirectly by that person.

3 *f.* A violation of a provision of this subsection is
4 misconduct in office under section 721.2. However, a decision
5 of the governing board or governmental entity is not invalid
6 because of the participation of the member or employee in
7 the decision-making process or because of a vote cast by a
8 member or employee in violation of this subsection unless the
9 participation or vote was decisive in the awarding of the
10 financial assistance.

11 *g.* For purposes of this subsection, any private
12 not-for-profit economic development entity representing a city
13 or county under the program shall be considered a governmental
14 entity subject to the conflict of interest provisions in this
15 subsection.

16 6. The authority shall notify the department of revenue
17 of each county chosen for participation in the program. The
18 department of revenue shall credit the sales tax receipts as
19 calculated in section 423.4, subsection 10, paragraph "b",
20 subparagraph (3), to the county's account in the special fund
21 created under section 15E.373.

22 **Sec. 4. NEW SECTION. 15E.373 Special fund administration —**
23 **appropriation and allocation of rebate moneys.**

24 1. The authority shall create a special fund, and within
25 that fund create a separate account for each county chosen for
26 participation in the program. The fund shall consist only
27 of amounts credited by the department of revenue pursuant to
28 section 423.4, subsection 10, paragraph "b", subparagraph
29 (3). The special fund shall be administered, allocated, and
30 distributed only as provided in this section.

31 2. Interest or earnings on moneys in a special fund shall
32 revert to the general fund.

33 3. All moneys remaining in a special fund after five years
34 from the date the credit is made shall revert to the general
35 fund.

1 4. An economic development entity designated in the
2 program application of a participating county may apply to the
3 authority for a financial assistance award from the county's
4 account in the special fund, to be used for the purpose of an
5 economic development project.

6 a. Applications shall be made in the manner and form
7 prescribed by the authority and shall contain, at a minimum,
8 the following information:

9 (1) The amount requested and a detailed description of
10 how the moneys will be used including but not limited to a
11 description and purpose of the proposed economic development
12 project.

13 (2) The goal of the proposed economic development project,
14 including the projected jobs and income created or retained.

15 (3) The projected source, type, and amount of any private
16 capital or other investment involved with the proposed economic
17 development project. The authority shall not require any
18 economic development entity, county, or city to provide, or
19 demonstrate an ability to provide, local matching moneys
20 in order to receive a financial assistance award under the
21 program.

22 (4) A list of all public and private parties involved with
23 the proposed economic development project.

24 b. If upon review of an application for a financial
25 assistance award, the authority finds that the proposed
26 economic development project meets the definition of an
27 economic development project in section 15E.371, subsection 5,
28 the authority and the recipient of the financial assistance
29 award shall enter into an agreement pursuant to subsection 6.

30 5. a. For each city and unincorporated area within a
31 county, the aggregate financial assistance awards paid from the
32 county's account in the special fund for economic development
33 projects shall not exceed an amount which is equal to the
34 lesser of the following:

35 (1) The state sales tax imposed and collected within that

1 city or unincorporated area for the base year, as calculated in
2 section 423.4, subsection 10, paragraph "b", subparagraph (2).

3 (2) An amount equal to the same proportion of the credit
4 made pursuant to section 423.4, subsection 10, paragraph "b",
5 subparagraph (3), as the amount of state sales tax imposed and
6 collected in the city or unincorporated area for the base year,
7 as calculated in section 423.4, subsection 10, paragraph "b",
8 subparagraph (2), bears to the total amount of state sales
9 tax imposed and collected in the county for the base year, as
10 calculated in section 423.4, subsection 10, paragraph "b",
11 subparagraph (1).

12 b. Notwithstanding paragraph "a", the governing body of
13 an economic development entity may elect to allocate all or
14 a portion of its share of moneys in the special fund to a
15 different city or unincorporated area within the same county
16 if the economic development entity determines all of the
17 following:

18 (1) That a viable proposal for an economic development
19 project does not currently exist within the allocating city
20 or unincorporated area, and it is unlikely that one will be
21 developed before the expiration of the five-year period set
22 forth in subsection 3.

23 (2) That the proposed economic development project to
24 which it wishes to allocate all or a portion of its share of
25 moneys in the special fund will directly and materially benefit
26 the allocating city or unincorporated area. For purposes of
27 this subparagraph, "*directly and materially benefit*" means
28 an increase in jobs, population, or tax revenue within the
29 allocating city or unincorporated area.

30 6. The authority and the recipient of the financial
31 assistance shall enter into an agreement describing the terms
32 and obligations under which the financial assistance will be
33 provided. The authority, in consultation with the applicable
34 economic development entity, may negotiate the terms and
35 obligations of the agreement. An agreement shall contain

1 but need not be limited to all of the following terms and
2 obligations:

3 *a.* A project completion date.

4 *b.* A maintenance period completion date.

5 *c.* The number of jobs to be created or retained.

6 *d.* The amount of private capital or other investment to be
7 involved.

8 *e.* The amount of the financial assistance award to be
9 provided under the program.

10 7. The authority may enforce the terms and obligations of
11 agreements described in subsection 6.

12 8. A recipient of a financial assistance award shall meet
13 all terms and obligations in an agreement by the project
14 completion date, but the authority may for good cause extend
15 the project completion date.

16 9. During the maintenance period, a recipient of a financial
17 assistance award shall continue to comply with the terms and
18 obligations of an agreement entered into pursuant to subsection
19 6.

20 10. During the entire life of an agreement entered into
21 pursuant to subsection 6, if the recipient of a financial
22 assistance award fails to meet all terms and obligations in
23 its agreement or experiences a layoff within this state or
24 closes any of its facilities within this state, the authority
25 may reduce or eliminate some or all of the amount of financial
26 assistance award to be received. If the recipient of a
27 financial assistance award under this section fails to meet
28 all terms and obligations in its agreement or experiences a
29 layoff within this state or closes any of its facilities within
30 this state, the recipient may be subject to repayment of all or
31 a portion of the financial assistance award it has received.
32 Any amount repaid to the authority under this subsection shall
33 revert to the general fund.

34 11. In addition to the terms and obligations agreed
35 to pursuant to subsection 6, the recipient of a financial

1 assistance award shall be subject to all of the following
2 requirements:

3 *a.* The potential recipient of a financial assistance
4 award shall submit to the authority a report describing all
5 violations of environmental law or worker safety law within
6 the last five years by the private parties involved in the
7 proposed economic development project. If, upon review of the
8 report, the authority finds that a private party has a record
9 of violations of the law, statutes, rules, or regulations that
10 tends to show a consistent pattern, the authority shall not
11 make an award of financial assistance to the project unless the
12 authority finds either that the violations did not seriously
13 affect public health, public safety, or the environment, or,
14 if such violations did seriously affect public health, public
15 safety, or the environment, that mitigating circumstances were
16 present.

17 *b.* The recipient of a financial assistance award shall not
18 have closed, or substantially reduced, operations in one area
19 of this state and relocated substantially the same operations
20 in a community in another area of this state. However, this
21 section shall not be construed to prohibit the recipient of a
22 financial assistance award from expanding its operation in a
23 community if existing operations of a similar nature in this
24 state are not closed or substantially reduced.

25 *c.* The recipient of a financial assistance award shall only
26 employ individuals legally authorized to work in this state.
27 In addition to any and all other applicable penalties provided
28 by current law, all or a portion of the financial assistance
29 award is subject to recapture by the authority if the recipient
30 is found to knowingly employ individuals not legally authorized
31 to work in this state. Any amount repaid to the authority
32 under this paragraph shall revert to the general fund.

33 12. Funds and financial assistance awards issued by
34 the authority under this program to any party shall not be
35 deposited in the general fund of any economic development

1 chapter 423B.

2 *b.* The department shall assist in the administration of the
3 sales tax rebate for county development program in chapter 15E,
4 division XXVII, and issue rebates of state sales tax imposed
5 and collected by retailers upon sales of tangible personal
6 property or services furnished to purchasers within a county in
7 the following manner and amounts:

8 (1) Upon notice by the authority of its applications for
9 a program year pursuant to section 15E.372, subsection 4, the
10 department shall calculate the total state sales tax imposed
11 and collected by retailers upon sales of tangible personal
12 property or services furnished to purchasers in each applicant
13 county for the base year of the program application and provide
14 that information to the authority on or before December 31 of
15 the program year.

16 (2) Upon notice by the authority of its selection of a
17 county for participation in the program, the department shall
18 calculate the total state sales tax imposed and collected by
19 retailers upon sales of tangible personal property or services
20 furnished to purchasers for each city and unincorporated area
21 within that county for the base year of the program application
22 and provide that information to the county and the authority on
23 or before March 1 of the program year.

24 (3) Upon notice by the authority of its selection of a
25 county for participation in the program, the department shall
26 credit to the county's account in the special fund created in
27 section 15E.373 an amount equal to the state sales tax imposed
28 and collected by retailers upon sales of tangible personal
29 property or services furnished to purchasers for the base year
30 of the program application, or five million dollars, whichever
31 is less. The credit shall be made by March 15 of the program
32 year to the county's account in the special fund under the
33 control of the authority to be administered and distributed by
34 the authority pursuant to section 15E.373.

35

DIVISION III

1 ANNUAL REPORT TO GENERAL ASSEMBLY AND GOVERNOR

2 Sec. 6. Section 15.104, subsection 8, Code Supplement 2011,
3 is amended by adding the following new paragraph:

4 NEW PARAGRAPH. *m.* Sales tax rebate for county development
5 program. Data on the sales tax rebate for county development
6 program established pursuant to chapter 15E, division XXVII,
7 including all of the following for each participant county:

8 (1) The identity of each economic development entity
9 designated to represent the cities and unincorporated areas of
10 the county.

11 (2) A report of all deposits, withdrawals, and expenditures
12 made from the special fund of the county.

13 (3) A description of each proposed economic development
14 project disapproved for a financial assistance award by the
15 authority and the reason for disapproval.

16 (4) For each economic development project awarded financial
17 assistance:

18 (a) The project's description and location.

19 (b) For each project, the amount of financial assistance
20 awarded and the amount of the award actually paid to the
21 economic development entity as of June 30 of the fiscal year.

22 (c) If applicable, the number of created or retained
23 jobs contracted for and the actual number of jobs created or
24 retained as a result of the project.

25 (d) If applicable, the amount of private capital or other
26 investment contracted for and the actual amount of private
27 capital or other investment made as a result of the project.

28 (e) If applicable, other terms and obligations contracted
29 for and the actual terms and obligations complied with and
30 fulfilled as a result of the project.

31 EXPLANATION

32 This bill relates to a sales tax rebate for county
33 development program.

34 Division I of the bill relates to the creation and
35 administration of the program.

1 The division requires the economic development authority
2 to create and administer a program to participating counties
3 in the state with a one-time, limited sales tax rebate to be
4 used to provide financial assistance awards to local economic
5 development projects. "Economic development project" is
6 defined as a project involving private or joint public and
7 private investment involving the creation of new jobs and
8 income or the retention of existing jobs and income. An
9 economic development project includes a physical infrastructure
10 project as defined in the bill, so long as it is undertaken
11 with the specific intent to create, attract, or retain jobs and
12 income.

13 The economic development authority may choose up to 10
14 counties per year to participate in the program and receive
15 a sales tax rebate, with the rebates first payable during
16 the fiscal year beginning July 1, 2012. Applications for
17 participation by a prospective county are to be made by
18 November 30 by the county board of supervisors. As part of
19 the application, each city and unincorporated area within the
20 county is required to designate one economic development entity
21 to represent it under the program. "Economic development
22 entity" is defined as a county board of supervisors, city
23 council, or not-for-profit business association vested by
24 a board of supervisors or city council with the power to
25 represent it under the program. The designation for each city
26 will be made by its city council, and the designation for
27 each unincorporated area will be made by the county board of
28 supervisors. An economic development entity may represent
29 more than one city or unincorporated area, but no city or
30 unincorporated area may be represented by more than one
31 economic development entity. In addition, each application
32 is required to have information pertaining to recent business
33 closures or permanent layoffs that have, or may have, a
34 significant negative impact in the county, potential economic
35 development projects that exist or may exist within the

1 county, the current unemployment rate of the county, and the
2 county's population for the two most recently completed federal
3 censuses.

4 The economic development authority has 60 days after
5 November 30 to choose up to 10 counties to participate in the
6 program. In making its selection decisions, the authority is
7 required to consider all information contained in a program
8 application and any other relevant information, giving
9 considerable weight to counties that have had a recent business
10 closure or permanent layoff with a significant negative
11 impact in the county, that have potential economic development
12 projects in the county, that have unemployment rates greater
13 than the state average, and that have experienced a recent loss
14 of population. Applicant counties demonstrating the greatest
15 need and potential for economic growth and expansion are to be
16 given priority.

17 Each county is eligible to participate in the program one
18 time. A county chosen for participation shall receive a sales
19 tax rebate from the department of revenue equal to the state
20 sales tax imposed and collected by retailers upon sales of
21 tangible personal property or services furnished to purchasers
22 in that county for the base year of the county's application,
23 or \$5 million, whichever is less. A county's "base year" is
24 defined as the fiscal year immediately preceding the program
25 year for which the program application is made. The rebate
26 applies only to the first 5 percent of state sales tax imposed
27 in Code section 423.2, and not to any local option sales and
28 service tax imposed pursuant to Code chapter 423B. The rebate
29 shall be issued by the department of revenue in the form of a
30 credit made by March 15 of the program year into the county's
31 account in a special fund to be administered and distributed by
32 the economic development authority. Any moneys remaining in a
33 special fund after five years from the date the credit is made
34 shall revert to the general fund of the state. Any interest or
35 earnings on moneys in a special fund shall immediately revert

1 to the general fund of the state.

2 An economic development entity designated in a participating
3 county's program application may apply to the authority for a
4 financial assistance award from the county's account in the
5 special fund, provided it is used exclusively for an economic
6 development project. Applications for funds are to be made
7 in the manner and form developed by the authority and shall
8 contain, at a minimum, the amount requested and a detailed
9 description of how the moneys will be used; the description
10 and purpose of the proposed project; the goal of the proposed
11 project and estimated jobs and income created and retained; the
12 projected source, type, and amount of any private capital or
13 other investment involved with the proposed project; and a list
14 of all public and private parties involved with the proposed
15 project.

16 The authority is not allowed to require any economic
17 development entity, county, or city to provide, or demonstrate
18 an ability to provide, local matching moneys in order to
19 receive a financial assistance award under the program.

20 The maximum aggregate financial assistance awards paid
21 from the special fund of a participant county for economic
22 development projects within a city or unincorporated area
23 shall not exceed an amount which is the lesser of the total
24 amount of state sales tax imposed and collected in that city or
25 unincorporated area for the base year of the county's program
26 application, or an amount equal to the same proportion of the
27 county's rebate received from the department of revenue, as
28 the amount of state sales tax imposed and collected in that
29 city or unincorporated area for the base year of the county's
30 program application bears to the total amount of state sales
31 tax imposed and collected in that county for the base year of
32 the program application. However, an economic development
33 entity representing a city or unincorporated area may elect to
34 allocate all or a portion of its share of a county's special
35 fund to a different city or unincorporated area within that

1 same county if it makes a determination based on factors
2 specified in the bill.

3 If the authority determines that a proposed economic
4 development project meets the definition of "economic
5 development project" described above, then it shall enter into
6 an agreement with the recipient of the financial assistance
7 award that describes the terms and obligations under which
8 the financial assistance will be provided. The authority, in
9 consultation with the applicable economic development entity,
10 may negotiate the terms and obligations of the agreement. An
11 agreement shall contain, at a minimum, the project completion
12 date, maintenance period completion date, the number of jobs
13 to be created or retained, the amount of private capital or
14 other investment to be involved, and the amount of financial
15 assistance to be provided. "Project completion date" means
16 the date by which a financial assistance award recipient has
17 agreed to meet all the terms and conditions contained in its
18 agreement with the authority. The maintenance period refers
19 to the period of time between the project completion date
20 and the maintenance period completion date. "Maintenance
21 period completion date" is defined as the date on which the
22 maintenance period ends.

23 The division also lists several requirements that the
24 potential recipient of a financial award must fulfill. First,
25 potential financial award recipients must submit to the
26 authority a report describing all violations of environmental
27 law and worker safety in the last five years. The authority
28 must deny a financial assistance award if it finds a consistent
29 pattern of violations unless mitigating circumstances were
30 present. Second, potential financial award recipients must
31 not have closed or substantially reduced operations in one
32 area of this state and relocated substantially the same
33 operations in another community in another area of this state.
34 Third, potential financial award recipients must only employ
35 individuals legally authorized to work in this state.

1 During the life of the agreement, the authority may reduce,
2 eliminate, or recapture some or all of the financial assistance
3 awarded if a recipient fails to meet all the terms and
4 obligations of its agreement, experiences a layoff or closes
5 any facilities within the state, or employs individuals not
6 legally authorized to work in this state. Any amount repaid to
7 the authority shall revert to the general fund.

8 The division provides that funds and financial assistance
9 awards issued under the program to any party shall not be
10 deposited in the general fund of any economic development
11 entity, county, or city, nor used for operating expenses of any
12 economic development entity, county, or city, or for salaries
13 or bonuses of any person employed by an economic development
14 entity, county, or city. It further provides that funds and
15 financial assistance awards shall not be used for consulting
16 fees or marketing fees.

17 The division provides conflict of interest provisions that
18 apply to any member of a governing body of a city or county
19 or an employee of a state, city, or county board, agency,
20 commission, or other governmental entity of this state that
21 has an interest, either direct or indirect, in a private
22 person, contract, or entity for which financial assistance
23 may be provided under the program. For purposes of the
24 conflict of interest provisions, any not-for-profit economic
25 development entity representing a city or county shall be
26 considered a governmental entity subject to the conflict of
27 interest provisions. The bill provides that violations of
28 the conflict of interest provisions are considered misconduct
29 in office under Code section 721.2 and classified as a
30 serious misdemeanor. A serious misdemeanor is punishable by
31 confinement for no more than one year and a fine of at least
32 \$315 but not more than \$1,875.

33 The division provides that the authority shall adopt rules
34 for the administration of the sales tax rebate for county
35 development program and provide for the inclusion of uniform

1 terms and obligations in agreements between the authority and
2 recipients of financial assistance awards under the program.

3 Division II of the bill relates to the calculation and
4 issuance of sales tax rebates by the department of revenue.

5 The division provides that the department of revenue will
6 assist the economic development authority in administering the
7 sales tax rebate for county development program by calculating
8 the total state sales tax imposed and collected by retailers
9 upon sales of tangible personal property or services furnished
10 to purchasers pursuant to Code section 423.2 in each applicant
11 county for the base year of each program application. The
12 department is responsible for calculating the same amounts for
13 each city and unincorporated area within any county that is
14 chosen for participation in the program, and then crediting the
15 appropriate amount by March 15 of the program year to a special
16 fund within the economic development authority.

17 Division III of the bill relates to an annual report prepared
18 by the economic development authority.

19 The division provides that the economic development
20 authority shall include a report on the sales tax rebate for
21 county development program in its annual report to the general
22 assembly and governor. The report shall include the identity
23 of each economic development entity designated to represent
24 cities and unincorporated areas under the program; a report of
25 all deposits, withdrawals, and expenditures made from special
26 funds of the counties; and a description of each disapproved
27 economic development project and the reason for disapproval.
28 For each approved project, the report shall include a
29 description and the location of the project; the amount of
30 financial assistance awarded and paid; and if applicable, the
31 number of jobs, investments, or other terms and conditions
32 contracted for and actually completed under the agreements.