

House File 654 - Introduced

HOUSE FILE 654

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 385)

(SUCCESSOR TO HSB 99)

A BILL FOR

1 An Act relating to the programs and duties of the economic
2 development authority and including effective date and
3 retroactive applicability provisions and other properly
4 related matters.

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

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DIVISION I

LIFE CYCLE COST ANALYSES

Section 1. Section 470.1, Code 2015, is amended by adding the following new subsection:

NEW SUBSECTION. 01. *“Addition”* means new construction equal to or greater than twenty thousand square feet of usable floor space that is heated or cooled by a mechanical or electrical system and is joined to a previously existing facility.

Sec. 2. Section 470.1, subsections 6, 7, and 10, Code 2015, are amended to read as follows:

6. *“Facility”* means a building having twenty thousand square feet or more of usable floor space that is heated or cooled by a mechanical or electrical system ~~or any building, system, or physical operation which consumes more than forty thousand British thermal units (BTUs) per square foot per year.~~

7. *“Initial cost”* means the moneys required for the capital construction or renovation of a facility or the construction of an addition.

10. *“Renovation”* means a project where ~~additions or alterations, that are not additions, to an existing facility~~ exceed fifty percent of the value of a facility and will affect an energy system.

Sec. 3. Section 470.2, Code 2015, is amended to read as follows:

470.2 Policy — analysis required.

The general assembly declares that energy management is of primary importance in the design of publicly owned facilities. ~~Commencing January 1, 1980~~ On or after the effective date of this division of this Act, a public agency responsible for the construction or renovation of a facility or the construction of an addition shall, in a design begun after that date, include as a design criterion the requirement that a life cycle cost analysis be conducted for the facility. The objectives of the life cycle cost analysis are to optimize energy efficiency at an acceptable life cycle cost. The life cycle cost analysis

1 shall meet the requirements of section 470.3.

2 Sec. 4. Section 470.3, subsection 2, Code 2015, is amended
3 to read as follows:

4 2. A public agency or a person preparing a life cycle cost
5 analysis for a public agency shall ~~consider the methods and~~
6 ~~analytical models provided by the authority and available~~
7 ~~through the commissioner, which are suited to the purpose~~
8 ~~for which the project is intended. Within sixty days of~~
9 ~~final selection of a design architect or engineer, a public~~
10 ~~agency, which is also a state agency under section 7D.34, shall~~
11 ~~notify the commissioner and the authority of the methodology~~
12 ~~to be used to perform the life cycle cost analysis, on forms~~
13 ~~provided by the authority~~ use the methodology set forth in the
14 guidelines established, by rule, by the commissioner.

15 Sec. 5. Section 470.4, Code 2015, is amended to read as
16 follows:

17 **470.4 Analysis approved.**

18 The life cycle cost analysis shall be approved by the public
19 agency before contracts for the construction or renovation
20 of a facility or the construction of an addition are let. A
21 public agency may accept a facility design and shall meet
22 the requirements of this chapter if the design meets the
23 operational requirements of the agency and provides the optimum
24 life cycle cost. The public agency shall retain a copy of the
25 life cycle cost analysis and a statement justifying a design
26 decision both of which shall be available for public inspection
27 at reasonable hours.

28 Sec. 6. Section 470.6, Code 2015, is amended to read as
29 follows:

30 **470.6 Restriction on use of public funds.**

31 Public funds shall not be used for the construction or
32 renovation of a facility or the construction of an addition
33 unless the design for the work is prepared in accordance with
34 this chapter and the actual construction or renovation of
35 the facility or the construction of the addition meets the

1 requirements of the design.

2 Sec. 7. Section 470.7, Code 2015, is amended to read as
3 follows:

4 **470.7 Life cycle cost analysis — approval.**

5 1. The public agency responsible for the new construction
6 or renovation of a public facility or the construction of an
7 addition to a public facility shall submit a copy of the life
8 cycle cost analysis for review by the commissioner who shall
9 consult with the authority. If the public agency is also a
10 state agency under section 7D.34, comments by the authority
11 or the commissioner, including any recommendation for changes
12 in the analysis, shall, within thirty days of receipt of the
13 analysis, be forwarded in writing to the public agency. If
14 either the authority or the commissioner disagrees with any
15 aspects of the life cycle cost analysis, the public agency
16 affected shall timely respond in writing to the commissioner
17 and the authority. The response shall indicate whether the
18 agency intends to implement the recommendations and, if the
19 agency does not intend to implement them, the public agency
20 shall present its reasons. The reasons may include but are
21 not limited to a description of the purpose of the facility or
22 renovation, preservation of historical architectural features,
23 architectural and site considerations, and health and safety
24 concerns.

25 2. Within thirty days of receipt of the response of the
26 public agency affected, the authority, the commissioner, or
27 both, shall notify in writing the public agency affected of
28 the authority's, the commissioner's, or both's agreement
29 or disagreement with the response. In the event of a
30 disagreement, the authority, the commissioner, or both, shall
31 at the same time transmit the notification of disagreement
32 with response and related papers to the executive council
33 for resolution pursuant to section 7D.34. The life cycle
34 cost analysis process, including submittal and approval, and
35 implementation exemption requests pursuant to section 470.8,

1 shall be completed prior to the letting of contracts for the
2 construction or renovation of a facility or the construction
3 of an addition.

4 Sec. 8. Section 470.8, Code 2015, is amended to read as
5 follows:

6 **470.8 Life cycle cost analysis — implementation and**
7 **exemptions.**

8 1. The public agency responsible for the new construction
9 or renovation of a public facility or the construction of an
10 addition shall implement the recommendations of the life cycle
11 cost analysis.

12 2. The commissioner shall adopt rules for the
13 implementation and administration of the life cycle cost
14 analysis. The commissioner, in consultation with the director,
15 shall, by rule, develop criteria to exempt facilities from
16 the implementation requirements of this section. Using the
17 criteria, the commissioner, in cooperation with the director,
18 shall exempt facilities on a case by case basis. Factors to
19 be considered when developing the exemption criteria shall
20 include, but not be limited to, a description of the purpose
21 of the facility or renovation, the preservation of historical
22 architectural features, site considerations, and health and
23 safety concerns. The commissioner and the director shall grant
24 or deny a request for exemption from the requirements of this
25 section within thirty days of receipt of the request.

26 DIVISION II

27 SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS INTERNSHIP

28 Sec. 9. Section 15.411, subsection 3, Code 2015, is amended
29 to read as follows:

30 3. a. The authority shall establish and administer an
31 internship program with two components for Iowa students.
32 To the extent permitted by this subsection, the authority
33 shall administer the two components in as similar a manner as
34 possible. For purposes of this subsection, "Iowa student" means
35 a student of an Iowa community college, private college, or

1 institution of higher learning under the control of the state
2 board of regents, or a student who graduated from high school
3 in Iowa but now attends an institution of higher learning
4 outside the state of Iowa.

5 *b.* The purpose of the first component of the program is
6 to link Iowa students to small and medium sized Iowa firms
7 through internship opportunities. An Iowa employer may receive
8 financial assistance ~~in an amount of one dollar for every~~
9 ~~two dollars paid by the employer to an intern~~ on a matching
10 basis for a portion of the wages paid to an intern. If
11 providing financial assistance, the authority shall provide
12 the assistance on a reimbursement basis such that for every
13 two dollars of wages earned by the student, one dollar paid by
14 the employer is matched by one dollar from the authority. The
15 amount of financial assistance shall not exceed three thousand
16 one hundred dollars for any single internship, or nine thousand
17 three hundred dollars for any single employer. In order to be
18 eligible to receive financial assistance under this paragraph,
19 the employer must have five hundred or fewer employees and must
20 be an innovative business. The authority shall encourage youth
21 who reside in economically distressed areas, youth adjudicated
22 to have committed a delinquent act, and youth transitioning out
23 of foster care to participate in the first component of the
24 internship program.

25 *c.* (1) The purpose of the second component of the program
26 is to assist in placing Iowa students studying in the fields
27 of science, technology, engineering, and mathematics into
28 internships that lead to permanent positions with Iowa
29 employers. The authority shall collaborate with eligible
30 employers, including but not limited to innovative businesses,
31 to ensure that the interns hired are studying in such fields.
32 An Iowa employer may receive financial assistance ~~in an amount~~
33 ~~of one dollar for every dollar paid by the employer to an~~
34 ~~intern~~ on a matching basis for a portion of the wages paid to
35 an intern. If providing financial assistance, the authority

1 shall provide the assistance on a reimbursement basis such
2 that for every two dollars of wages earned by the student,
3 one dollar paid by the employer is matched by one dollar from
4 the authority. The amount of financial assistance shall not
5 exceed five thousand dollars per internship. The authority may
6 adopt rules to administer this component. In adopting rules to
7 administer this component, the authority shall adopt rules as
8 similar as possible to those adopted pursuant to paragraph "b".

9 (2) The requirement to administer this component of the
10 internship program is contingent upon the provision of funding
11 for such purposes by the general assembly.

12 Sec. 10. EMERGENCY RULES. The economic development
13 authority may adopt emergency rules under section 17A.4,
14 subsection 3, and section 17A.5, subsection 2, paragraph "b",
15 to implement the provisions of this division of this Act and
16 the rules shall be effective immediately upon filing unless
17 a later date is specified in the rules. Any rules adopted
18 in accordance with this section shall also be published as a
19 notice of intended action as provided in section 17A.4.

20 Sec. 11. EFFECTIVE UPON ENACTMENT. This division of this
21 Act, being deemed of immediate importance, takes effect upon
22 enactment.

23 Sec. 12. RETROACTIVE APPLICABILITY. This division of this
24 Act applies retroactively to July 1, 2014.

25 DIVISION III

26 ENTERPRISE ZONES

27 Sec. 13. 2014 Iowa Acts, chapter 1130, section 43,
28 subsection 1, is amended to read as follows:

29 1. On or after the effective date of this division of this
30 Act, a city or county shall not create an enterprise zone under
31 chapter 15E, division XVIII, or enter into a new agreement ~~or~~
32 ~~amend an existing agreement~~ under chapter 15E, division XVIII.
33 A city or county and the economic development authority, with
34 the approval of the economic development authority board, may
35 amend an agreement for compliance reasons if the amendment

1 does not increase the amount of incentives awarded under the
2 agreement.

3 DIVISION IV

4 HOUSING ENTERPRISE TAX CREDIT

5 Sec. 14. 2014 Iowa Acts, chapter 1130, is amended by adding
6 the following new section:

7 NEW SECTION. SEC. 41A. Notwithstanding the section of
8 this Act repealing section 15E.193B, the economic development
9 authority may enter into an agreement and issue housing
10 enterprise tax credits to a housing business if all the
11 following conditions are met:

12 1. The city or county in which the enterprise zone is
13 located mailed, or caused to be mailed, the necessary program
14 application forms on or after June 1, 2014, and prior to July
15 1, 2014, but the applications were not received by the economic
16 development authority. The economic development authority may
17 accept an affidavit by a city to confirm timely mailing of the
18 application forms, notwithstanding section 622.105.

19 2. The application forms submitted pursuant to subsection 1
20 were approved by all necessary governing bodies and commissions
21 of the city or county as required by chapter 15E, division
22 XVIII, Code 2014.

23 3. The economic development authority determines the
24 housing business would otherwise be eligible under section
25 15E.193B, Code 2014.

26 4. The city or county and the eligible housing business meet
27 all other requirements of the housing enterprise tax credit
28 program under chapter 15E, division XVIII, Code 2014, and the
29 agreement to be entered into pursuant to this section.

30 Sec. 15. 2014 Iowa Acts, chapter 1130, section 43,
31 subsection 1, is amended to read as follows:

32 1. On or after the effective date of this division of this
33 Act, a city or county shall not create an enterprise zone under
34 chapter 15E, division XVIII, or enter into a new agreement or
35 amend an existing agreement under chapter 15E, division XVIII,

1 unless otherwise authorized in this Act.

2 Sec. 16. EFFECTIVE UPON ENACTMENT. This division of this
3 Act, being deemed of immediate importance, takes effect upon
4 enactment.

5 Sec. 17. RETROACTIVE APPLICABILITY. This division of this
6 Act applies retroactively to July 1, 2014.

7 EXPLANATION

8 The inclusion of this explanation does not constitute agreement with
9 the explanation's substance by the members of the general assembly.

10 This bill relates to economic development by modifying life
11 cycle cost analysis provisions relating to public facilities,
12 specifying the state matching funds available for payment
13 of intern wages under the science, technology, engineering,
14 and mathematics internship program, and modifying provisions
15 concerning enterprise zones.

16 Division I of the bill modifies provisions relating to the
17 life cycle analysis required of certain public facilities.
18 The division adds a definition of "addition" and modifies the
19 definitions of "facility" and "renovation" and requires a
20 public agency responsible for the construction or renovation
21 of a facility or the construction of an addition to a facility
22 to include the performance of a life cycle cost analysis as
23 a design criterion on or after the effective date of the
24 division. The division requires a public agency or person
25 preparing a life cycle cost analysis for a public agency to
26 use methodology established, by rule, by the state building
27 code commissioner, rather than methods and analytical
28 models provided by the economic development authority. The
29 division requires the commissioner to also adopt rules for the
30 implementation and adoption of the life cycle cost analysis.

31 Division II of the bill amends language relating to wages
32 paid to an intern under the science, technology, engineering,
33 and mathematics internship program to specify that an Iowa
34 employer may receive financial assistance from the state on a
35 matching basis. The division provides that if the authority

1 offers financial assistance for a student at a small or
2 medium sized Iowa firm that is an innovative business or for
3 a science, technology, engineering, or mathematics student
4 working with an Iowa employer, for every \$2 earned by the
5 student in wages, the employer's payment of \$1 shall be
6 matched by the authority with \$1 on a reimbursement basis.
7 The division requires the authority to administer the two
8 components of the internship program in as similar a manner
9 as possible. The division authorizes the authority to adopt
10 emergency rules for this division of the bill. The division
11 takes effect upon enactment and applies retroactively to
12 contracts for financial assistance entered into on or after
13 July 1, 2014.

14 Divisions III and IV of the bill relate to enterprise
15 zones. Division III allows a city or county and the economic
16 development authority for compliance reasons to amend
17 agreements made under the enterprise zone program as long as
18 the amendments do not increase the amount of incentives awarded
19 and the economic development authority board approves.

20 Division IV allows the authority to enter into an agreement
21 for a housing enterprise tax credit for certain housing
22 businesses that had mailed applications to the authority prior
23 to the July 1, 2014, repeal of the housing enterprise tax
24 credit in Code section 15E.193B.

25 The division states that the authority may enter into
26 an agreement and issue housing enterprise tax credits to a
27 housing business if the city or county mailed the application
28 forms on or after June 1, 2014, and prior to July 1, 2014,
29 but the applications were not received by the authority, the
30 application forms submitted were approved by the necessary
31 governing bodies and commissions, the authority determines
32 the housing business would otherwise be eligible under the
33 Code section that was repealed, and the city or county and the
34 eligible housing business meet all other requirements of the
35 housing enterprise tax credit program and of the agreement

H.F. 654

1 entered into with the economic development authority.

2 The division takes effect upon enactment and applies

3 retroactively to July 1, 2014.