

**House File 468 - Introduced**

HOUSE FILE 468

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**A BILL FOR**

1 An Act requiring that a certain percentage of the tax  
2 incentives administered by the economic development  
3 authority be provided to projects located in small cities,  
4 and including applicability provisions.

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

1 Section 1. Section 15.119, Code 2019, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 3A. *a.* Of the total amount of tax credits  
4 allocated for purposes of subsection 2, paragraph "a", during  
5 each fiscal year, at least fifty percent shall be allocated for  
6 purposes of projects located in a small city that has all of  
7 the following located in the county in which the small city is  
8 located:

9 (1) An accredited public or private postsecondary  
10 educational institution.

11 (2) A federal highway or a divided, multilaned highway.

12 (3) Sufficient housing to accommodate the project.

13 *b.* In the event this small city allocation percentage is not  
14 satisfied in a given fiscal year, a shortfall is declared to  
15 exist, and the percentage of the total amount of tax credits  
16 allocated for purposes of subsection 2, paragraph "a", during  
17 the succeeding fiscal year that shall be allocated for purposes  
18 of projects located in a small city shall be adjusted to equal  
19 an amount necessary to reach the fifty percent small city  
20 allocation percentage for that fiscal year, plus an amount  
21 equal to the shortfall for the prior fiscal year or years.

22 *c.* For purposes of this subsection, "small city" means  
23 any city located in this state with a population of less than  
24 fifteen thousand. A small city that is located in more than  
25 one county shall be considered to be located in the county  
26 having the greatest taxable base within the city.

27 Sec. 2. APPLICABILITY. This Act applies to fiscal years  
28 beginning on or after the effective date of this Act.

29 EXPLANATION

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

32 This bill relates to tax credits administered by the  
33 economic development authority (authority). Under the program,  
34 the authority provides various tax incentives to eligible  
35 businesses that complete projects in Iowa.

1 The bill requires that at least 50 percent of the tax  
2 incentives awarded by the authority each fiscal year shall  
3 be allocated for projects located in a small city based upon  
4 certain criteria. The criteria for purposes of allocation  
5 of projects in a small city shall include the following:  
6 an accredited public or private postsecondary educational  
7 institution, a federal highway or divided, multilaned highway,  
8 and sufficient housing to accommodate the project.

9 The bill defines "small city" to mean any city located in  
10 this state with a population of less than 15,000. If a small  
11 city is located in more than one county, it is considered to be  
12 located in the county having the greatest taxable base within  
13 the city.

14 In the event this small city percentage is not satisfied in  
15 a given fiscal year, a shortfall is declared to exist, and the  
16 percentage of tax incentives awarded to projects in a small  
17 city in the succeeding fiscal year shall be adjusted to equal  
18 an amount necessary to reach the 50 percent requirement for  
19 that fiscal year, plus an amount equal to the shortfall for the  
20 prior fiscal year or years.

21 The bill applies to fiscal years beginning on or after the  
22 effective date of the bill.