

House Study Bill 204 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR BILL)

A BILL FOR

1 An Act creating an empower rural Iowa Act to provide incentives
2 for broadband and workforce housing, and including
3 applicability provisions.

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

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DIVISION I
TITLE OF ACT

Section 1. TITLE OF ACT. This Act shall be known and may be cited as the "Empower Rural Iowa Act".

DIVISION II
BROADBAND

Sec. 2. Section 8B.1, Code 2019, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. "*Facilitate*" means a communication service provider's ability to provide broadband service at or above the download and upload speeds identified by the office by rule to a home, farm, school, or business within a commercially reasonable time and at a commercially reasonable price upon request by a consumer.

Sec. 3. Section 8B.1, subsection 12, Code 2019, is amended to read as follows:

12. "*Targeted service area*" means a United States census bureau census block located in this state, including any crop operation located within the census block, within which no communications service provider offers or facilitates broadband service at or above ~~twenty-five megabits per second of download speed and three megabits per second of upload speed as of July 1, 2015~~ the download and upload speeds identified by the office by rule as of the date identified by the office by rule, which speeds and date may be updated by the office periodically as the office deems appropriate.

Sec. 4. Section 8B.10, subsection 1, Code 2019, is amended to read as follows:

1. The determination of whether a communications service provider offers or facilitates broadband service meeting the download or upload speeds ~~specified in the definition of targeted service area in section 8B.1~~ identified by the office by rule shall be determined or ascertained by reference to broadband availability maps or data sources that are widely accepted for accuracy and available for public review and

1 comment and that are identified by the office by rule.

2 Sec. 5. Section 8B.11, subsection 1, Code 2019, is amended
3 to read as follows:

4 1. The office shall administer a broadband grant program to
5 award grants to communications service providers that reduce
6 or eliminate targeted service areas by installing broadband
7 infrastructure that facilitates broadband service at or above
8 the download and upload speeds identified by the office by rule
9 in targeted service areas in accordance with [this section](#).

10 Sec. 6. Section 8B.11, subsection 2, paragraph c, Code 2019,
11 is amended to read as follows:

12 c. Notwithstanding [section 8.33](#), moneys in the fund
13 that remain unencumbered or unobligated at the close of the
14 fiscal year shall not revert but shall remain available for
15 expenditure for the purposes designated until ~~the close of~~
16 ~~the succeeding fiscal year~~ three years following the last
17 day of the fiscal year in which the funds were originally
18 appropriated.

19 Sec. 7. Section 8B.11, subsection 3, Code 2019, is amended
20 to read as follows:

21 3. Communications service providers may apply to the office
22 for a grant pursuant to [this section](#) for the installation of
23 broadband infrastructure that facilitates broadband service
24 at or above ~~twenty-five megabits per second of download speed~~
25 ~~and three megabits per second of upload speed~~ the download and
26 upload speeds identified by the office by rule in targeted
27 service areas. The office shall include representatives from
28 schools, communities, agriculture, industry, and other areas
29 as appropriate to review and recommend grant awards. The
30 office shall conduct an open application review process and
31 include a public internet site for applications, results, and
32 performance.

33 Sec. 8. Section 8B.11, subsection 4, paragraph b, Code 2019,
34 is amended to read as follows:

35 b. ~~Except as otherwise provided in [this section](#),~~ The

1 office shall ~~not~~ evaluate applications ~~based on the office's~~
2 ~~knowledge of the applicant except for the~~ broadband grants in
3 a fair and unbiased manner, and may consider any information
4 obtained by the office outside of the application process in
5 addition to information provided in the an application.

6 Sec. 9. Section 8B.11, subsections 7 and 8, Code 2019, are
7 amended to read as follows:

8 7. The office shall not award a grant pursuant to this
9 section on or after July 1, ~~2020~~ 2025.

10 8. The office ~~shall~~ may adopt rules pursuant to chapter 17A
11 interpreting this chapter or necessary for administering this
12 chapter, including but not limited to rules relating to the
13 broadband grant program process, management, and measurements
14 as deemed necessary by the office.

15 Sec. 10. Section 427.1, subsection 40, paragraphs a and b,
16 Code 2019, are amended to read as follows:

17 a. The owner of broadband infrastructure shall be entitled
18 to an exemption from taxation to the extent provided in this
19 subsection for assessment years beginning before January 1,
20 ~~2022~~ 2027. ~~For the purposes of~~ Unless the context otherwise
21 requires, the words and phrases used in this subsection,
22 "broadband infrastructure" and "targeted service area" mean the
23 same as shall have the same meaning as the words and phrases
24 used in chapter 8B, including but not limited to the words and
25 phrases defined in section 8B.1.

26 b. The exemption shall apply to the installation of
27 broadband infrastructure that facilitates broadband service
28 at or above ~~twenty-five megabits per second of download speed~~
29 ~~and three megabits per second of upload speed~~ the download and
30 upload speeds identified by the office of the chief information
31 officer by rule commenced and completed on or after July 1,
32 2015, and before July 1, ~~2020~~ 2025, in a targeted service area,
33 and used to deliver internet services to the public. A person
34 claiming an exemption under this subsection shall certify to
35 the local assessor prior to commencement of the installation

1 that the ~~broadband~~ installation of broadband infrastructure
2 will ~~take place~~ facilitate broadband service at or above the
3 download and upload speeds identified by the office of the
4 chief information officer by rule within a targeted service
5 area and shall specify the current number of homes, farms,
6 schools, and businesses in the targeted service area that were
7 offered broadband service and the download and upload speeds
8 available prior to the broadband infrastructure installation
9 for which the exemption is claimed and the number of homes,
10 farms, schools, and businesses in the targeted service area
11 that will be offered broadband service and the download
12 and upload speeds that will be available as a result of
13 installation of the broadband infrastructure for which the
14 exemption is claimed.

15 Sec. 11. Section 427.1, subsection 40, paragraph f,
16 subparagraph (1), subparagraph division (d), Code 2019, is
17 amended to read as follows:

18 (d) Certification from the office of the chief information
19 officer pursuant to section 8B.10 that the installation ~~is~~
20 ~~being performed or was completed~~ will facilitate broadband
21 service at or above the download and upload speeds identified
22 by the office of the chief information officer by rule in
23 a targeted service area. ~~Certification from the office of~~
24 ~~the chief information officer that broadband infrastructure~~
25 ~~installed in a targeted service area facilitates broadband~~
26 ~~service at or above twenty-five megabits per second of download~~
27 ~~speed and three megabits per second of upload speed.~~

28 DIVISION III

29 WORKFORCE HOUSING TAX INCENTIVE PROGRAM

30 Sec. 12. Section 15.119, subsection 2, paragraph g, Code
31 2019, is amended to read as follows:

32 g. The workforce housing tax incentives program administered
33 pursuant to sections 15.351 through 15.356. In allocating
34 tax credits pursuant to this subsection, the authority shall
35 not allocate more than ~~twenty~~ twenty-five million dollars for

1 purposes of this paragraph. Of the moneys allocated under
2 this paragraph, ~~five~~ ten million dollars shall be reserved for
3 allocation to qualified housing projects in small cities, as
4 defined in [section 15.352](#), that are registered on or after July
5 1, 2017.

6 Sec. 13. Section 15.352, subsection 10, Code 2019, is
7 amended to read as follows:

8 10. "*Small city*" means any city or township located in this
9 state, except those located wholly within one or more of the
10 eleven most populous counties in the state, as determined by
11 the most recent federal decennial census population estimates
12 issued by the United States bureau of census. For the purposes
13 of this part, a small city that is located in more than one
14 county shall be considered to be located in the county having
15 the greatest taxable base within the small city.

16 Sec. 14. Section 15.354, subsection 1, paragraph a, Code
17 2019, is amended to read as follows:

18 a. A housing business seeking workforce housing tax
19 incentives provided in [section 15.355](#) shall make application to
20 the authority in the manner prescribed by the authority. The
21 authority may accept applications ~~on a continuous basis~~ during
22 one or more annual application periods to be determined by the
23 authority by rule.

24 Sec. 15. Section 15.354, subsection 2, Code 2019, is amended
25 to read as follows:

26 2. ~~Registration.~~ Application review — tax incentive award.

27 a. All completed applications shall be reviewed and scored
28 on a competitive basis by the authority pursuant to rules
29 adopted by the authority.

30 ~~a. b.~~ Upon review of the application, the authority
31 may register the housing project under the program. If the
32 authority registers the housing project, the authority shall
33 make a preliminary determination as to the amount of tax
34 incentives for which the housing project qualifies and scoring
35 of all applications received during an application period, the

1 authority may make a tax incentive award to a housing project,
2 which tax incentive award shall represent the maximum amount of
3 tax incentives the housing project may qualify for under the
4 program. In determining a tax incentive award, the authority
5 shall not use an amount of project costs that exceeds the
6 amount included in the application of the housing business.
7 Tax incentive awards shall be approved by the director of the
8 authority.

9 ~~b. c.~~ After registering the housing project making a
10 tax incentive award, the authority shall notify the housing
11 business of ~~successful registration under the program~~ its tax
12 incentive award. The notification shall include the amount
13 of tax incentives under [section 15.355](#) for which the housing
14 business has received ~~preliminary approval~~ an award and a
15 statement that the amount is a ~~preliminary determination only~~
16 housing business has no right to receive a tax incentive
17 certificate or claim a tax incentive until all requirements
18 of the program, including all requirements imposed by the
19 agreement entered into pursuant to subsection 3, are satisfied.
20 The amount of tax credits included on a tax credit certificate
21 issued pursuant to [this section](#), or a claim for refund of sales
22 and use taxes, shall be contingent upon completion of ~~the all~~
23 requirements in [subsection 3](#).

24 ~~d.~~ An applicant that does not receive a tax incentive award
25 during an application period may make additional applications
26 during subsequent application periods. Such applicant shall be
27 required to submit a new application and shall be competitively
28 reviewed and scored in the same manner as other applicants in
29 that application period.

30 Sec. 16. Section 15.354, subsection 3, paragraphs a and e,
31 Code 2019, are amended to read as follows:

32 ~~a.~~ Upon ~~successful registration of receipt of a tax~~
33 incentive award by the housing project, the housing business
34 shall enter into an agreement with the authority for the
35 successful completion of all requirements of the program. The

1 agreement shall identify the tax incentive award amount, the
2 tax incentive award date, the project completion deadline, and
3 the total costs of the housing project.

4 e. (1) Upon review of the examination and verification
5 of the amount of the qualifying new investment, the authority
6 may notify the housing business of the amount that the housing
7 business may claim as a refund of the sales and use tax under
8 section 15.355, subsection 2, and may issue a tax credit
9 certificate to the housing business stating the amount of
10 workforce housing investment tax credits under section 15.355,
11 subsection 3, the eligible housing business may claim. The
12 sum of the amount that the housing business may claim as a
13 refund of the sales and use tax and the amount of the tax credit
14 certificate shall not exceed the amount of the tax incentive
15 award.

16 (2) If upon review of the examination in subparagraph
17 (1) the authority determines that a housing project has
18 incurred project costs in excess of the amount submitted in the
19 application made pursuant to subsection 1 and identified in the
20 agreement, the authority shall do one of the following:

21 (a) If the project costs do not cause the housing project's
22 average dwelling unit cost to exceed the applicable maximum
23 amount authorized in section 15.353, subsection 3, the
24 authority may consider the agreement fulfilled and may issue a
25 tax credit certificate.

26 (b) If the project costs cause the housing project's
27 average dwelling unit cost to exceed the applicable maximum
28 amount authorized in section 15.353, subsection 3, but does not
29 cause the average dwelling unit cost to exceed one hundred ten
30 percent of such applicable maximum amount, the authority may
31 consider the agreement fulfilled and may issue a tax credit
32 certificate. In such case, the authority shall reduce the tax
33 incentive award and the corresponding amount of tax incentives
34 the eligible housing project may claim under section 15.355,
35 subsections 2 and 3, by the same percentage that the housing

1 project's average dwelling unit cost exceeds the applicable
2 maximum amount under [section 15.353, subsection 3](#), and such
3 tax incentive reduction shall be reflected on the tax credit
4 certificate. If the authority issues a certificate pursuant
5 to this subparagraph division, the department of revenue
6 shall accept the certificate notwithstanding that the housing
7 project's average dwelling unit costs exceeds the maximum
8 amount specified in [section 15.353, subsection 3](#).

9 (c) If the project costs cause the housing project's
10 average dwelling unit cost to exceed one hundred ten percent
11 of the applicable maximum amount authorized in [section 15.353,](#)
12 [subsection 3](#), the authority shall determine the eligible
13 housing business to be in default under the agreement, shall
14 revoke the tax incentive award, and shall not issue a tax
15 credit certificate. The housing business shall not be allowed
16 a refund of sales and use tax under section 15.355, subsection
17 2.

18 Sec. 17. Section 15.354, subsection 4, Code 2019, is amended
19 by striking the subsection and inserting in lieu thereof the
20 following:

21 4. *Maximum tax incentives amount.*

22 a. (1) For fiscal years beginning on or after July 1, 2019,
23 the authority shall not award in any fiscal year an amount of
24 tax incentives for housing projects located in small cities, or
25 for other housing projects, in excess of the amounts allocated
26 for each category in [section 15.119, subsection 2, paragraph](#)
27 ["g"](#). This paragraph ["a"](#) applies to housing projects awarded tax
28 incentives pursuant to subsection 2 on or after July 1, 2019,
29 and to housing projects registered prior to July 1, 2019, under
30 [section 15.354, subsection 2, Code 2019](#).

31 (2) Notwithstanding subparagraph (1), and [section 15.119,](#)
32 [subsection 2, paragraph "g"](#), if the sum of the amount of tax
33 incentives applied for in valid applications submitted in a
34 given fiscal year beginning on or after July 1, 2019, for
35 housing projects located in small cities, plus the amount

1 of tax incentives eligible for issuance to housing projects
2 located in small cities that were registered prior to July
3 1, 2019, under section 15.354, subsection 2, Code 2019, does
4 not exceed the amount reserved for housing projects located
5 in small cities pursuant to section 15.119, subsection 2,
6 paragraph "g", the authority may award the remaining amount of
7 tax incentives reserved for housing projects located in small
8 cities to other housing projects during that same fiscal year.

9 (3) Notwithstanding subparagraph (1), and section 15.119,
10 subsection 2, paragraph "g", the authority may award during a
11 fiscal year an aggregate amount of tax incentives to housing
12 projects located in small cities that is less than the amount
13 reserved for allocation to small cities under section 15.119,
14 subsection 2, paragraph "g", provided the difference between
15 the amount of the small city reservation and the aggregate
16 amount actually awarded to small cities during that fiscal year
17 is awarded during that same fiscal year to housing projects
18 registered prior to July 1, 2018.

19 b. With regard to a housing project registered prior to
20 July 1, 2019, a tax incentive shall be considered awarded for
21 purposes of paragraph "a" when the authority enters into an
22 agreement with the housing business for that housing project
23 as provided under section 15.354, subsection 3, Code 2019.
24 Notwithstanding any provision of law to the contrary, a housing
25 business shall have no right to enter into an agreement with
26 the authority for a housing project registered prior to July 1,
27 2019, until the authority allocates an amount of tax incentives
28 to the housing project and notifies the housing business
29 that the authority is prepared to execute the agreement
30 and make a tax incentive award for the housing project. A
31 housing business shall have no right to receive a tax credit
32 certificate or claim a tax incentive for a housing project
33 registered prior to July 1, 2019, until the housing business
34 enters into an agreement with the authority.

35 c. In making tax incentive awards during any fiscal year

1 in which there are housing projects registered prior to July
2 1, 2019, which are eligible to receive tax incentives under
3 the program, the authority shall give priority in making tax
4 incentive awards to housing projects registered prior to July
5 1, 2019. The authority shall create and maintain a wait list
6 of housing projects registered prior to July 1, 2019, and such
7 housing projects shall be placed on the wait list in the order
8 the housing projects were registered.

9 *d.* The maximum aggregate amount of tax incentives that
10 may be awarded and issued under section 15.355 to a housing
11 business for a housing project shall not exceed one million
12 dollars.

13 *e.* If a housing business qualifies for a higher amount
14 of tax incentives under section 15.355 than is allowed by
15 the limitation imposed in paragraph "*d*", the authority and
16 the housing business may negotiate an apportionment of the
17 reduction in tax incentives between the sales tax refund
18 provided in section 15.355, subsection 2, and the workforce
19 housing investment tax credits provided in section 15.355,
20 subsection 3, provided the total aggregate amount of tax
21 incentives after the apportioned reduction does not exceed the
22 amount in paragraph "*d*".

23 Sec. 18. Section 15.354, subsection 5, Code 2019, is amended
24 to read as follows:

25 5. *Termination and repayment.* The failure by a housing
26 business in completing a housing project to comply with any
27 requirement of this program or any of the terms and obligations
28 of an agreement entered into pursuant to [this section](#) may
29 result in the revocation, reduction, termination, or rescission
30 of the tax incentive award or the approved tax incentives and
31 may subject the housing business to the repayment or recapture
32 of tax incentives claimed under [section 15.355](#). The repayment
33 or recapture of tax incentives pursuant to [this section](#) shall
34 be accomplished in the same manner as provided in section
35 15.330, subsection 2.

1 Sec. 19. Section 15.355, subsection 2, Code 2019, is amended
2 to read as follows:

3 2. A housing business may claim a refund of the sales and
4 use taxes paid under chapter 423 that are directly related to
5 a housing project and specified in the agreement. The refund
6 available pursuant to this subsection shall be as provided in
7 section 15.331A, excluding subsection 2, paragraph "c", of
8 that section. For purposes of the program, the term "*project*
9 *completion*", as used in section 15.331A, shall mean the date on
10 which the authority notifies the department of revenue that all
11 applicable requirements of an agreement entered into pursuant
12 to section 15.354 are satisfied.

13 Sec. 20. Section 15.355, subsection 3, paragraph a,
14 subparagraphs (1) and (2), Code 2019, are amended to read as
15 follows:

16 (1) For a housing project not located in a small city, ten
17 percent of the qualifying new investment of a housing project
18 specified in the agreement.

19 (2) For a housing project located in a small city, twenty
20 percent of the qualifying new investment of a housing project
21 specified in the agreement.

22 Sec. 21. APPLICABILITY.

23 1. Except as provided in subsection 2, this division of
24 this Act applies to housing projects awarded tax incentives by
25 the authority under the program on or after July 1, 2019, and
26 housing projects registered by the authority under the program
27 prior to July 1, 2019, shall be governed by sections 15.352,
28 15.354, and 15.355, Code 2019.

29 2. The provision of this division of this Act amending
30 section 15.354, subsection 4, applies to housing projects
31 registered by the authority under the program prior to July 1,
32 2019, and to housing projects awarded tax incentives by the
33 authority under the program on or after July 1, 2019.

34 EXPLANATION

35 The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 This bill relates to incentives for broadband and workforce
3 housing.

4 DIVISION I — TITLE OF ACT. The bill provides that it may be
5 known and cited as the "Empower Rural Iowa Act".

6 DIVISION II — BROADBAND. Division II of the bill
7 modifies provisions applicable to the broadband grant program
8 administered by the office of the chief information officer
9 (OCIO) under Code chapter 8B, and the property tax exemption
10 for broadband infrastructure provided in Code section
11 427.1(40).

12 Current law requires the OCIO to administer a broadband
13 grant program to award grants to communications service
14 providers that reduce or eliminate targeted service areas,
15 as defined, by installing broadband infrastructure that
16 facilitates broadband service at or above 25 megabits per
17 second of download speed and 3 megabits per second of upload
18 speed as of July 1, 2015. The bill removes references to the
19 specified download and upload speeds and date throughout Code
20 chapter 8B and instead allows the OCIO to identify such speeds
21 and date by rule, which the OCIO may update from time to time as
22 it deems appropriate. The bill also provides a new definition
23 for "facilitate" in Code section 8B.1, as described in the
24 bill.

25 Current law allows unencumbered or unobligated moneys
26 remaining in the broadband grant fund at the close of the
27 fiscal year to remain available for use until the close of the
28 succeeding fiscal year. The bill instead provides that such
29 moneys shall remain available until three years following the
30 last day of the fiscal year in which the funds were originally
31 appropriated.

32 Current law requires the OCIO to evaluate applications for
33 broadband grants only pursuant to the information provided in
34 an application. The bill provides that the OCIO shall evaluate
35 applications for broadband grants in a fair and unbiased

1 manner, and allows the OCIO to consider any information
2 obtained outside of the application process, in addition to
3 information provided in an application.

4 The bill extends the OCIO broadband grant program from July
5 1, 2020, to July 1, 2025.

6 Current law requires the OCIO to adopt rules related to the
7 broadband grant program. The bill instead provides the OCIO
8 with discretion to adopt rules deemed necessary to interpret or
9 administer Code chapter 8B, including but not limited to rules
10 relating to the broadband grant program.

11 Current Code section 427.1(40) provides owners of broadband
12 infrastructure an exemption from property tax under Code
13 chapter 427, for installations of broadband infrastructure
14 that facilitate broadband service at or above the download and
15 upload speeds specified in Code chapter 8B in targeted service
16 areas commenced and completed on or after July 1, 2015, and
17 before July 1, 2020, for assessment years beginning before
18 January 1, 2022.

19 The bill provides that the words and phrases used in Code
20 section 427.1(40) shall have the same meaning as used in
21 Code chapter 8B, including but not limited to the words and
22 phrases defined in Code section 8B.1. The bill extends the
23 property tax exemption for broadband infrastructure to apply
24 to installations commenced and completed on or after July 1,
25 2015, and before July 1, 2025, for assessment years beginning
26 before January 1, 2027. The bill removes references to the
27 specified download and upload speeds throughout Code section
28 427.1(40) and instead references the download and upload
29 speeds identified by the OCIO by rule. The bill requires a
30 person claiming an exemption to certify that the broadband
31 installation will facilitate broadband service within a
32 targeted service area at or above the download and upload
33 speeds identified by the OCIO.

34 DIVISION III — WORKFORCE HOUSING TAX INCENTIVE PROGRAM.
35 Division III of the bill modifies the workforce housing tax

1 incentives program.

2 BACKGROUND. Current law provides that the workforce housing
3 tax incentive program (program) administered by the economic
4 development authority (authority) makes tax incentives in the
5 form of investment tax credits and sales and use tax refunds
6 available to housing businesses that complete certain housing
7 projects in Iowa. In order to receive tax incentives, a
8 housing business must apply to the authority and have its
9 housing project registered by the authority, and then must
10 enter into an agreement with the authority (tax incentive
11 agreement) for the successful completion of all requirements
12 of the program. Current law requires a housing business to
13 complete its housing project within three years from the date
14 the housing project is registered by the authority. Upon
15 application by the housing business prior to expiration of the
16 three years, and at the authority's discretion, a one-time,
17 12-month extension may be granted. If the housing project
18 is completed and properly examined by a certified public
19 accountant, and all other requirements of the tax incentive
20 agreement and the program are satisfied, the authority may
21 issue a tax credit certificate and the housing business may
22 claim the tax incentives for which it qualifies under the
23 program. Currently, the total tax incentives issued under the
24 program per fiscal year cannot exceed \$20 million. Of that
25 \$20 million annual cap, \$5 million must be reserved for tax
26 incentives issued to housing projects located in small cities,
27 as defined under the program. The program also limits the
28 maximum amount of tax incentives that may be issued per housing
29 project to \$1 million. Current law requires the authority
30 to issue tax incentives under the program on a first-come,
31 first-served basis, and in the event the total tax incentives
32 for all registered housing projects completed in a fiscal year
33 exceeds an annual cap, the authority is required to maintain a
34 wait list of completed housing projects, and give those housing
35 projects priority for being issued tax incentives in subsequent

1 fiscal years.

2 BILL CHANGES. The bill amends current law relating to the
3 acceptance of housing project applications by the authority.
4 Current law states that the authority may accept applications
5 on a continuous basis. The bill requires the authority to
6 accept applications during one or more application periods, and
7 provides that housing project applications shall be reviewed
8 and scored on a competitive basis by the authority pursuant to
9 rules adopted by the authority.

10 The bill removes registration of housing projects from the
11 program, and provides that the authority may make tax incentive
12 awards to housing projects. Tax incentive awards shall be
13 subject to the approval of the director of the authority.
14 Applicants who do not receive a tax incentive award are
15 authorized under the bill to make additional applications for
16 that housing project during subsequent application periods. In
17 determining the tax incentive award of a particular housing
18 project, the bill prohibits the authority from using an amount
19 of housing project costs that exceeds the amount included in
20 the housing project application.

21 The bill requires the authority to notify the housing
22 business of its tax incentive award. The notification must
23 include a statement that the housing business has no right to
24 receive a tax incentive certificate or claim a tax incentive
25 until all requirements of the program and the tax incentive
26 agreement are satisfied.

27 The bill amends the requirements related to the tax
28 incentive agreement entered into by the authority and a housing
29 business to provide that such agreement shall identify the
30 tax incentive award amount, the tax incentive award date, the
31 project completion deadline, and the total costs of the housing
32 project.

33 The bill provides that after review of the examination of
34 the housing project and verification of the qualifying new
35 investment, the authority may notify the housing business of

1 the amount that the housing business may claim as a refund of
2 the sales and use tax under Code section 15.355(2) and may
3 issue a tax credit certificate to the housing business that
4 states the workforce housing investment tax credits that the
5 housing business may claim. The sum of the sales and use tax
6 refund and the amount of the workforce housing investment tax
7 credits cannot exceed the amount of the tax incentive award.

8 The bill also amends the definition of "small city" for
9 purposes of the program. Under current law, the definition of
10 "small city" includes any city or township not located within
11 the 11 most populous counties in the state. If a city is
12 located in more than one county, it is considered to be located
13 in the county having the greatest taxable base within the city.
14 Under the bill, "small city" includes any city or township
15 not located wholly within one or more of the 11 most populous
16 counties in the state, so that any city or township located
17 in whole or in part in one of the 88 least populated counties
18 in Iowa will qualify as a small city under the program. The
19 definition is also amended to provide that population is
20 computed using the most recent population estimates issued by
21 the United States census bureau, instead of the most recent
22 federal decennial census.

23 The bill amends requirements relating to the termination
24 and repayment of tax incentives for failure to comply with
25 the requirements of the program to provide that such failures
26 to comply may also result in the revocation of the tax
27 incentive award. Current law provides only for the reduction,
28 termination, or rescission of an approved tax incentive for
29 failure to comply with the requirements of the program.

30 The bill amends language relating to the calculation of the
31 amount of tax incentives for which a housing project qualifies.
32 Under current law, the amount of the sales and use tax refunds
33 is calculated using the taxes directly related to a housing
34 project, and the amount of the investment tax credits is
35 calculated using a percentage of the qualifying new investment

1 of the housing project. The bill provides that these amounts
2 of taxes or qualifying new investment will only be used in the
3 tax incentive calculation to the extent they were specified in
4 the tax incentive agreement entered into by the authority and
5 the housing business.

6 The program changes described above apply to housing
7 projects that receive a tax incentive award on or after July 1,
8 2019. Housing projects registered prior to July 1, 2019, shall
9 be governed by current law.

10 The bill provides that the authority shall not award more
11 than \$25 million in tax incentives each fiscal year beginning
12 on or after July 1, 2019, and \$10 million of that total cap
13 shall be reserved each fiscal year for tax incentive awards
14 made to housing projects located in small cities. For housing
15 projects registered prior to July 1, 2019, the bill states that
16 a tax incentive will be considered awarded when the authority
17 enters into a tax incentive agreement for that housing project
18 as provided under current law, and the bill prohibits a housing
19 business from entering into a tax incentive agreement for such
20 a housing project until the authority allocates tax incentives
21 to that housing project and notifies the housing business that
22 the authority is prepared to execute a tax incentive agreement.
23 The bill also provides that a housing business shall have
24 no right to receive a tax credit certificate or claim a tax
25 incentive for a housing project registered prior to July 1,
26 2019, until the housing business enters into a tax incentive
27 agreement with the authority.

28 The bill provides two exceptions to the \$10 million per year
29 tax incentive reservation for housing projects in small cities.
30 First, if the sum of the amount of tax incentive applications
31 received for housing projects in small cities during a fiscal
32 year, plus the amount of tax incentives eligible for issuance
33 during that same fiscal year to housing projects in small
34 cities registered prior to July 1, 2019, does not exceed \$10
35 million, the authority may award the difference to other

1 housing projects during that same fiscal year. Second, the
2 authority may award less than \$10 million of tax incentives to
3 housing projects in small cities during a fiscal year if the
4 difference between the \$10 million cap and the amount actually
5 awarded to housing projects in small cities is awarded during
6 the same fiscal year to housing projects registered prior to
7 July 1, 2018.

8 The bill provides that the authority shall give priority
9 in making tax incentive awards to housing projects registered
10 prior to July 1, 2019, and shall create a wait list of housing
11 projects registered prior to July 1, 2019, and place those
12 housing projects on the list in the order the projects were
13 registered.

14 The changes to the awarding and issuance of tax incentives
15 described above apply to housing projects registered prior
16 to July 1, 2019, and to housing projects that receive a tax
17 incentive award on or after July 1, 2019.