

House File 363 - Introduced

HOUSE FILE 363
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO HF 3)

A BILL FOR

1 An Act permitting businesses' new onsite daycare facilities or
2 businesses' expansion of existing onsite daycare facilities
3 to qualify as projects under the high quality jobs program,
4 and making penalties applicable.

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

1 Section 1. NEW SECTION. 15.329A Eligible business — onsite
2 daycare facilities.

3 1. As used in this section, unless the context otherwise
4 requires:

5 a. "Child" or "children" means a person or persons twelve
6 years of age or younger.

7 b. "Child care" means the care, supervision, and guidance of
8 a child or children by a person other than the child's parent,
9 guardian, or custodian.

10 c. "Project completion" means the first date upon which the
11 business's onsite daycare facility begins offering child care
12 for the business's employees' children.

13 2. Notwithstanding section 15.327, subsection 20, the
14 authority may provide tax incentives or project completion
15 assistance under this part to a business for a project that
16 involves a new onsite child care facility, or the expansion of
17 an existing onsite child care facility, that offers low-cost
18 child care for the business's employees.

19 3. Notwithstanding section 15.329, subsection 1, paragraphs
20 "c" and "g", the authority may provide tax incentives or
21 project completion assistance under this part to a business
22 for a project pursuant to this section if the project creates
23 or retains jobs that will pay a percent of the qualifying
24 wage threshold as determined pursuant to rules adopted by the
25 authority.

26 4. Notwithstanding section 15.329, subsection 1, paragraph
27 "e", the authority may, pursuant to rules adopted by the
28 authority, determine alternative metrics, other than the fiscal
29 impact ratio, to qualify a business to be eligible for tax
30 incentives or project completion assistance for a project under
31 this section. The authority may consult with the department
32 of human services as necessary if the authority determines
33 alternative metrics.

34 5. Notwithstanding section 15.329, subsection 3, the
35 authority shall consider, and may consult with the department

1 of human services on, a variety of factors, including but
2 not limited to the following, in determining the eligibility
3 of a business to participate in the program pursuant to this
4 section:

5 a. The quality of the jobs to be created or retained.
6 In rating the quality of the jobs, the authority shall
7 place greater emphasis on those jobs that are full-time or
8 career-type positions, that provide comprehensive health
9 benefits, and that pay a wage equal to or higher than similar
10 jobs within a twenty-five-mile radius of the proposed project.

11 b. The impact of the proposed project on other businesses
12 in competition with the business's proposed project. The
13 authority shall make a good-faith effort to identify existing
14 child care providers in competition with the business's
15 proposed project. The authority shall make a good-faith effort
16 to determine the probability that the proposed tax incentives
17 or project completion assistance will displace workers at
18 existing child care providers. In determining the impact
19 on child care providers in competition with the business's
20 proposed project, jobs created or retained as a result of
21 similar jobs being displaced elsewhere in a twenty-five-mile
22 radius shall not be considered direct jobs created or retained.

23 c. The economic impact to the state of the proposed project.
24 In measuring the economic impact, the authority shall place
25 greater emphasis on projects that meet one or more of the
26 following conditions:

27 (1) Are located in an economically distressed area. For
28 purposes of this section, "*economically distressed area*" means
29 a county that ranks among the bottom thirty-three of all Iowa
30 counties, as measured by one of the following:

31 (a) Average monthly unemployment level for the most recent
32 twelve-month period.

33 (b) Average annualized unemployment level for the most
34 recent five-year period.

35 (2) Will have the capacity to care for twenty or more

1 children.

2 (3) Are located in an area that has an inadequate number
3 of existing child care providers based on the population of
4 children in the area.

5 (4) Will provide child care to a business's employees at a
6 low-cost rate as determined pursuant to rules adopted by the
7 authority.

8 6. If a business that is approved to receive tax incentives
9 or project completion assistance under this section closes or
10 reduces the capacity of the child care facility for which the
11 tax incentives or project completion assistance was received,
12 the authority shall have the discretion to reduce or eliminate
13 some or all of the tax incentives or project completion
14 assistance, and the business may be subject to repayment of
15 all or a portion of the tax incentives or project completion
16 assistance that the business has received.

17 7. *a.* A business that is awarded tax incentives pursuant
18 to this section shall be entitled to a refund of the sales
19 and use taxes paid under chapter 423 for gas, electricity,
20 water, or sewer utility services, goods, wares, or merchandise,
21 or on services rendered, furnished, or performed to or for a
22 contractor or subcontractor and used in the fulfillment of a
23 written contract relating to the construction or equipping
24 of a child care facility that is part of the project of the
25 eligible business. Taxes attributable to intangible property,
26 furniture, and furnishings shall not be refunded.

27 *b.* To receive a refund, a claim shall be filed by the
28 eligible business with the department as follows:

29 (1) The contractor or subcontractor shall state under oath,
30 on forms provided by the department, the amount of the sales
31 of goods, wares, or merchandise, or the services rendered,
32 furnished, or performed, including gas, electric, water, and
33 sewer utility services upon which sales or use tax has been
34 paid prior to project completion, and shall file the forms with
35 the eligible business before final settlement is made between

1 the business and the contractor or subcontractor.

2 (2) The eligible business shall, not more than one year
3 after project completion, make application to the department
4 for any refund of the amount of the sales and use taxes paid
5 pursuant to chapter 423 upon any sales of goods, wares, or
6 merchandise, or the services rendered, furnished, or performed,
7 including gas, electric, water, and sewer utility services
8 prior to project completion. The application shall be made in
9 the manner and upon forms to be provided by the department.
10 The department shall audit the claim and, if approved, issue
11 a warrant to the eligible business in the amount of the sales
12 or use tax approved by the department. A claim filed by an
13 eligible business in accordance with this subsection shall not
14 be denied by reason of a limitation provision set forth in
15 chapter 421 or 423.

16 (3) The eligible business shall inform the department of
17 revenue of the project completion in writing within two weeks
18 of the project completion.

19 (4) A contractor or subcontractor who willfully makes a
20 false report of the sales or tax paid under the provisions of
21 this subsection commits a simple misdemeanor and is liable for
22 the payment of the sales and use tax and any applicable penalty
23 and interest.

24 8. The authority shall adopt rules pursuant to chapter 17A
25 as necessary to administer this section.

26 9. The department of revenue may adopt rules pursuant to
27 chapter 17A as necessary to administer this section.

28 EXPLANATION

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

31 This bill permits businesses' new onsite daycare facilities
32 or businesses' expansion of existing onsite daycare facilities
33 to qualify as projects under the high quality jobs program, and
34 makes penalties applicable.

35 The bill permits the economic development authority

1 (authority) to provide tax incentives (incentives) or project
2 completion assistance (assistance) under the high quality jobs
3 program (program) to a business for a project that involves a
4 new onsite child care facility or the expansion of an existing
5 onsite facility that offers low-cost child care for the
6 business's employees. The authority may provide incentives
7 or assistance under the program to a business for a project
8 that creates or retains jobs that will pay a percent of the
9 qualifying wage threshold as determined pursuant to rules
10 adopted by the authority. The bill permits the authority,
11 pursuant to rules adopted by the authority, to determine
12 metrics to qualify a business to be eligible for the program.
13 The authority may consult with the department of human services
14 (DHS) as necessary if the authority determines alternative
15 metrics.

16 In determining the eligibility of a business's project under
17 the program, the bill requires the authority to consider, and
18 allows the authority to consult with DHS on, the quality of
19 the jobs to be created or retained, with an emphasis placed on
20 jobs that are full-time or career-type positions, that provide
21 comprehensive health benefits, and that pay wages equal to
22 or higher than similar jobs within a 25-mile radius of the
23 business's proposed project. The authority is also required to
24 consider the impact of the proposed project on other child care
25 providers in competition with the proposed project.

26 The authority must make a good-faith effort to identify
27 existing child care providers in competition with the
28 business's proposed project and the probability that the
29 proposed project will displace employees of the existing child
30 care providers. Jobs created or retained by the proposed
31 project as a result of similar jobs being displaced in a
32 25-mile radius from the business cannot be considered by the
33 authority as jobs created or retained.

34 The bill also requires the authority to consider the
35 economic impact of the proposed project on the state. In

1 measuring economic impact, the authority must place greater
2 emphasis on projects that are located in economically
3 distressed areas, that will have the capacity to care for
4 20 or more children, that are located in areas that have an
5 inadequate number of existing child care providers, and that
6 will provide child care to the business's employees at a
7 low-cost rate as determined pursuant to rules adopted by the
8 authority. The bill defines "economically distressed area" as
9 a county that ranks among the bottom 33 of all Iowa counties,
10 as measured by either the average monthly unemployment level
11 for the most recent 12-month period, or the average annualized
12 unemployment level for the most recent five-year period.

13 If a business that is approved by the authority to receive
14 incentives or assistance for its project either closes or
15 reduces the capacity of the child care facility for which the
16 incentives or assistance was received, the authority has the
17 discretion to reduce or eliminate some or all of the incentives
18 or assistance, and the business may be subject to repayment of
19 all or a portion of the incentives or assistance that it has
20 received.

21 A business that is awarded tax incentives for a child care
22 facility is entitled to a refund of the sales and use taxes
23 paid under Code chapter 423 for gas, electricity, water, or
24 sewer utility services, goods, wares, or merchandise, or
25 on services rendered, furnished, or performed to or for a
26 contractor or subcontractor and used in the fulfillment of a
27 written contract relating to the construction or equipping
28 of a child care facility that is part of the project of the
29 eligible business. Taxes attributable to intangible property,
30 furniture, and furnishings cannot be refunded. The process
31 by which a business may receive a refund of the sales and use
32 taxes paid is outlined in the bill. A business that is awarded
33 tax incentives for a child care facility may also be eligible
34 for a value-added property tax exemption pursuant to Code
35 section 15.332.

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1 A contractor or subcontractor who willfully makes a false
2 report of sales and use taxes paid under the provisions of the
3 bill commits a simple misdemeanor and is liable for the payment
4 of the taxes and any applicable penalties and interest. A
5 simple misdemeanor is punishable by confinement for no more
6 than 30 days or a fine of at least \$105 but not more than \$855
7 or by both.

8 The bill directs the authority to adopt rules as necessary
9 to administer the provisions of the bill. The bill allows the
10 department of revenue to adopt rules as necessary to administer
11 the provisions of the bill.