

**Senate File 176 - Introduced**

SENATE FILE 176

BY CARLIN

**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.

32    5. Notwithstanding section 15.329, subsection 3, the  
33 authority shall consider a variety of factors, including but  
34 not limited to the following, in determining the eligibility  
35 of a business to participate in the program pursuant to this

1 section:

2     a. The quality of the jobs to be created or retained.

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

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

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

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

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

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

32     (2) Will have the capacity to care for twenty or more  
33 children.

34     (3) Are located in an area that has an inadequate number  
35 of existing child care providers based on the population of

1 children in the area.

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

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

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

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

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

34 (2) The eligible business shall, not more than one year  
35 after project completion, make application to the department

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

13 (3) The eligible business shall inform the department of  
 14 revenue of the project completion in writing within two weeks  
 15 of the project completion.

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

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

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

25 EXPLANATION

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

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

32 The bill permits the economic development authority  
 33 (authority) to provide tax incentives (incentives) or project  
 34 completion assistance (assistance) under the high quality jobs  
 35 program (program) to a business for a project that involves a

1 new onsite child care facility or the expansion of an existing  
2 onsite facility that offers low-cost child care for the  
3 business's employees. The authority may provide incentives  
4 or assistance under the program to a business for a project  
5 that creates or retains jobs that will pay a percent of the  
6 qualifying wage threshold as determined pursuant to rules  
7 adopted by the authority. The bill permits the authority,  
8 pursuant to rules adopted by the authority, to determine  
9 metrics to qualify a business to be eligible for the program.

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

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

28 The bill also requires the authority to consider the  
29 economic impact of the proposed project on the state. In  
30 measuring economic impact, the authority must place greater  
31 emphasis on projects that are located in economically  
32 distressed areas, that will have the capacity to care for  
33 20 or more children, that are located in areas that have an  
34 inadequate number of existing child care providers, and that  
35 will provide child care to the business's employees at a

1 low-cost rate as determined pursuant to rules adopted by the  
2 authority. The bill defines "economically distressed area" as  
3 a county that ranks among the bottom 33 of all Iowa counties,  
4 as measured by either the average monthly unemployment level  
5 for the most recent 12-month period, or the average annualized  
6 unemployment level for the most recent five-year period.

7 If a business that is approved by the authority to receive  
8 incentives or assistance for its project either closes or  
9 reduces the capacity of the child care facility for which the  
10 incentives or assistance was received, the authority has the  
11 discretion to reduce or eliminate some or all of the incentives  
12 or assistance, and the business may be subject to repayment of  
13 all or a portion of the incentives or assistance that it has  
14 received.

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

30 A contractor or subcontractor who willfully makes a false  
31 report of sales and use taxes paid under the provisions of the  
32 bill commits a simple misdemeanor and is liable for the payment  
33 of the taxes and any applicable penalties and interest. A  
34 simple misdemeanor is punishable by confinement for no more  
35 than 30 days or a fine of at least \$105 but not more than \$855

1 or by both.

2     The bill directs the authority to adopt rules as necessary  
3 to administer the provisions of the bill. The bill allows the  
4 department of revenue to adopt rules as necessary to administer  
5 the provisions of the bill.