

Senate File 2055 - Introduced

SENATE FILE 2055

BY CARLIN

A BILL FOR

1 An Act permitting businesses' new on-site daycare facilities or
2 businesses' expansion of existing on-site 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 —
2 on-site 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 on-site daycare facility begins offering child care
12 for the business's employees' children.

13 2. Notwithstanding section 15.327, subsection 21, 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 on-site child care facility, or the expansion of
17 an existing on-site 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 on-site daycare facilities
29 or businesses' expansion of existing on-site daycare facilities
30 to qualify as projects under the high quality jobs program.

31 Under current law, the economic development authority
32 (authority) may consider whether a proposed project will
33 provide a licensed childcare center for a business's employees
34 in determining a business's eligibility for the high quality
35 job program (program). The bill permits the authority to

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

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

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

34 The bill directs the authority to adopt rules as necessary
35 to administer the provisions of the bill. The bill allows the

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1 department of revenue to adopt rules as necessary to administer
2 the provisions of the bill.