

## CHAPTER 1007

### ECONOMIC DEVELOPMENT AUTHORITY ENTITIES AND PROGRAMS — IOWA ENERGY CENTER AND HIGH QUALITY JOBS AND WORKFORCE HOUSING TAX INCENTIVE PROGRAMS

S.F. 2325

**AN ACT** related to matters under the purview of the economic development authority including the high quality jobs program, the Iowa energy center, and the workforce housing tax incentive program, and including effective date and retroactive applicability provisions.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. [Section 15.108, subsection 9](#), paragraph g, Code 2022, is amended to read as follows:

g. Administer the Iowa energy center established in [section 15.120](#). This paragraph “g” is repealed July 1, ~~2022~~ 2027.

Sec. 2. [Section 15.120, subsection 1](#), Code 2022, is amended by adding the following new paragraph:

NEW PARAGRAPH. h. To support research and development of strategies for carbon management.

Sec. 3. [Section 15.120, subsection 5](#), Code 2022, is amended to read as follows:

5. [This section](#) is repealed July 1, ~~2022~~ 2027.

Sec. 4. [Section 15.335C, subsection 2](#), Code 2022, is amended to read as follows:

2. For purposes of [this section](#), “*economically distressed area*” means a county that ~~ranks among the bottom thirty-three of all Iowa counties, as measured by one~~ meets at least three of the following criteria:

a. Average ~~The county ranks among the thirty-three Iowa counties with the highest average~~ monthly unemployment level rates for the most recent twelve-month period based on the applicable local area unemployment statistics produced by the United States department of labor, bureau of labor statistics.

b. Average ~~The county ranks among the thirty-three Iowa counties with the highest average~~ annualized unemployment level rates for the most recent five-year period based on the applicable local area unemployment statistics produced by the United States department of labor, bureau of labor statistics.

c. ~~The county ranks among the thirty-three Iowa counties with the lowest annual average~~ weekly wages based on the most recent quarterly census of employment and wages published by the United States department of labor, bureau of labor statistics.

d. ~~The county ranks among the thirty-three Iowa counties with the highest family poverty~~ rates based on the most recent American community survey five-year estimate released by the United States census bureau.

e. ~~The county ranks among the thirty-three Iowa counties with the highest percentage~~ population loss. Percentage population loss shall be calculated by comparing the most recent population estimate produced by the United States census bureau to the most recent decennial census released by the United States census bureau, except for a calendar year in which the decennial census data is released, then the percentage population loss shall be calculated by comparing the population in the decennial census released that calendar year to the population in decennial census released ten years prior.

f. ~~The county ranks among the thirty-three Iowa counties with the highest percentage of~~ persons sixty-five years of age or older based on the most recent American community survey five-year estimate released by the United States census bureau.

Sec. 5. [Section 15.335C](#), Code 2022, is amended by adding the following new subsection:

NEW SUBSECTION. 3. The authority may designate a county that does not meet at least three of the criteria in [subsection 2](#) as an economically distressed area under [this section](#) if a

business located in the county experiences a layoff or a closure that has a significant impact on a community within the county. The authority shall adopt rules to establish a process for designating a county an economically distressed area under [this subsection](#).

Sec. 6. [Section 15.352, subsection 10](#), Code 2022, is amended to read as follows:

10. "Small city" means any of the following:

a. Any city or township located in this state, except those located wholly within one or more of the eleven most populous counties in the state, as determined by either the most recent population estimates issued estimate produced by the United States bureau of census or the most recent decennial census released by the United States bureau of census.

b. Any city or township located wholly within one or more of the eleven most populous counties in the state, as determined pursuant to paragraph "a", and that meets all of the following requirements:

(1) The city or township has a population less than or equal to two thousand five hundred as determined by either the most recent population estimate produced by the United States bureau of census or the most recent decennial census released by the United States bureau of census.

(2) The city or township had population growth of less than thirty percent as calculated by comparing the population in the most recent decennial census released by the United States census bureau to the population in the decennial census released ten years prior.

Sec. 7. [Section 15.352](#), Code 2022, is amended by adding the following new subsection:

NEW SUBSECTION. 11. "Urban area" means any city or township, except for a small city, that is wholly located within one or more of the eleven most populous counties in the state, as determined by either the most recent population estimate produced by the United States bureau of census or the most recent decennial census released by the United States bureau of census.

Sec. 8. [Section 15.353, subsection 2](#), paragraph e, Code 2022, is amended by striking the paragraph.

Sec. 9. [Section 15.353, subsection 3](#), Code 2022, is amended to read as follows:

3. a. Except as provided in paragraph "b", the average dwelling unit cost does not exceed two hundred thousand dollars per dwelling unit the maximum amount established by the board for each fiscal year for the applicable project type and project location. The board shall establish the maximum average dwelling unit cost for a project that includes single-family dwelling units that is located in a small city and for a project that includes single-family dwelling units that is located in an urban area. The board shall establish the maximum average dwelling unit cost for a project that includes multiple dwelling unit buildings and is located in a small city and for a project that includes multiple dwelling unit buildings and is located in an urban area. In establishing each maximum average dwelling unit cost, the board shall primarily consider the most recent annual United States census bureau building permits survey and historical program data.

b. (1) The average dwelling unit cost does not exceed two hundred fifty thousand dollars per dwelling unit if If the project involves the rehabilitation, repair, redevelopment, or preservation of property described in [section 404A.1, subsection 8](#), paragraph "a", the average dwelling unit cost shall not exceed one hundred twenty-five percent of the maximum average dwelling unit cost established by the board for the applicable project type and project location as provided in paragraph "a".

(2) The average dwelling unit cost for the project does not exceed two hundred fifteen thousand dollars per dwelling unit if the project is located in a small city.

Sec. 10. [Section 15.354, subsection 3](#), paragraph c, subparagraph (2), Code 2022, is amended to read as follows:

(2) The authority may for good cause within the discretion of the authority extend a housing project's completion deadline one by up to twelve months upon application by the housing business, which application shall be made prior to the expiration of the three-year completion deadline in subparagraph (1) in the manner and form prescribed

by the authority. The authority may approve a second extension of up to twelve months if prior to the expiration of the first twelve-month extension the housing business applies and substantiates to the satisfaction of the authority that the second extension is warranted due to extenuating circumstances outside the control of the housing business. An application by a housing business shall be made in the manner and form prescribed by the authority by rule.

Sec. 11. [Section 15.354, subsection 3](#), paragraph e, subparagraph (2), subparagraph divisions (b) and (c), Code 2022, are amended to read as follows:

(b) If the project costs cause the housing project's average dwelling unit cost to exceed the applicable maximum amount authorized in [section 15.353, subsection 3](#), but do not cause the average dwelling unit cost to exceed one hundred ~~ten~~ fifty percent of such applicable maximum amount, the authority may consider the agreement fulfilled and may issue a tax credit certificate. In such case, the authority shall reduce the tax incentive award and the corresponding amount of tax incentives the eligible housing project may claim under [section 15.355, subsections 2 and 3](#), by the same percentage that the housing project's average dwelling unit cost exceeds the applicable maximum amount under [section 15.353, subsection 3](#), and such tax incentive reduction shall be reflected on the tax credit certificate. If the authority issues a certificate pursuant to this subparagraph division, the department of revenue shall accept the certificate notwithstanding that the housing project's average dwelling unit costs exceed the maximum amount specified in [section 15.353, subsection 3](#).

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

Sec. 12. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 13. RETROACTIVE APPLICABILITY. The following apply retroactively to July 1, 2021, to all eligible housing businesses that the economic development authority has not notified of the amount that the housing business may claim as a refund of the sales and use tax under [section 15.355, subsection 2](#), and all eligible housing businesses that the economic development authority has not issued a tax credit certificate stating the amount of workforce housing investment tax credits under [section 15.355, subsection 3](#), the eligible housing business may claim:

1. The section of this Act amending [section 15.352, subsection 10](#).
2. The section of this Act enacting [section 15.352, subsection 11](#).
3. The section of this Act amending [section 15.353, subsection 2](#), paragraph "e".
4. The section of this Act amending [section 15.353, subsection 3](#).
5. The section of this Act amending [section 15.354, subsection 3](#), paragraph "e", subparagraph (2), subparagraph divisions (b) and (c).

Approved March 23, 2022