

Sherron, Greiner, Behn

SSB 3075
Small Business, Economic Dev.
Tourism

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
ECONOMIC DEVELOPMENT BILL)

Passed Senate, Date _____

Passed House, ^{Succeeded By} Date 2/21

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the enterprise zone program and providing an
2 effective date.

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

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24

1 Section 1. Section 15E.192, subsections 2, 3, and 4, Code
2 2001, are amended to read as follows:

3 2. A city with a population of twenty-four thousand or
4 more, as shown by the ~~1990~~ 2000 certified federal census, may
5 create an economic development enterprise zone as authorized
6 in this division, subject to certification by the department
7 of economic development, by designating one or more contiguous
8 census tracts, as determined in the most recent federal
9 census, or designating other geographic units approved by the
10 department of economic development for that purpose. If there
11 is an area in the city which meets the requirements for
12 eligibility for an urban or rural enterprise community under
13 Title XIII of the federal Omnibus Budget Reconciliation Act of
14 1993, such area shall be designated by the state an economic
15 development enterprise zone. The area meeting the
16 requirements for eligibility for an urban or rural enterprise
17 community shall not be included for the purpose of determining
18 the area limitation pursuant to subsection 4. In creating an
19 enterprise zone, a city with a population of twenty-four
20 thousand or more, as shown by the ~~1990~~ 2000 certified federal
21 census, may designate as part of the area tracts or approved
22 geographic units located in a contiguous city if such tracts
23 or approved geographic units meet the criteria and the city
24 agrees to being included. The city may establish more than
25 one enterprise zone. Reference in this division to "city"
26 means a city with a population of twenty-four thousand or
27 more, as shown by the ~~1990~~ 2000 certified federal census.

28 ~~3--a--A-county-may-designate-an-enterprise-zone-within-an~~
29 ~~area-located-in-one-or-more-contiguous-census-tracts-or-other~~
30 ~~geographic-units-of-the-county-that-meets-at-least-two-of-the~~
31 ~~following-distress-criteria:~~

32 ~~(1)--The-area-has-a-per-capita-income-of-nine-thousand-six~~
33 ~~hundred-dollars-or-less-based-according-to-the-1990-census:~~

34 ~~(2)--The-area-has-a-family-poverty-rate-of-twelve-percent~~
35 ~~or-more-according-to-the-1990-census:~~

1 (3)--Ten-percent-or-more-of-the-housing-units-in-the-area
2 are-vacant.

3 (4)--The-valuations-of-each-class-of-property-in-the
4 designated-area-of-the-census-tract-is-seventy-five-percent-or
5 less-of-the-countywide-average-for-that-classification-based
6 upon-the-most-recent-valuations-for-property-tax-purposes.

7 (5)--The-area-is-a-blighted-area, as-defined-in-section
8 403.17.

9 b.--The-department-shall-not-approve-more-than-five
10 enterprise-zones-designated-under-this-subsection-prior-to
11 July-17-2001.

12 4. a. A county or city which meets the distress criteria
13 provided in section 15E.194, Code 2001, may apply to the
14 department for an area to be certified as an enterprise zone
15 at any time prior to July 1, 2003. However, the total amount
16 of land designated as enterprise zones under subsections 1 and
17 2, and any other enterprise zones certified by the department,
18 excluding those approved pursuant to section 15E.194,
19 subsection 4, shall not exceed in the aggregate one percent of
20 the total county area.

21 b. An enterprise zone certified by the department shall
22 not be decertified or amended.

23 c. A county or city may apply to the department for an
24 area to be certified as an enterprise zone at any time prior
25 to July 1, 2005. However, the total amount of land designated
26 as enterprise zones under subsections 1 and 2, and any other
27 enterprise zones certified by the department, excluding those
28 approved pursuant to section 15E.194, subsection 4, shall not
29 exceed in the aggregate one percent of the total county area.

30 Sec. 2. Section 15E.193C, subsections 5 and 10, Code
31 Supplement 2001, are amended to read as follows:

32 5. Prior to applying for assistance under this section, an
33 eligible development business shall enter into an agreement
34 with at least one business for purposes of locating the
35 business in all or a portion of the building space for a

1 period of at least five years. The locating business must
2 occupy at least seventy-five percent of the total building
3 space and meet the criteria provided in section 15E.193,
4 subsection 1, paragraphs "a", "b", and "c", and create at
5 least three full-time positions.

6 ~~10.---An-eligible-business-under-section-15E.193-is-not~~
7 ~~eligible-for-incentives-and-assistance-listed-in-section~~
8 ~~15E.196-if-the-property-is-owned,-or-was-previously-owned,-by~~
9 ~~an-approved-development-business-that-has-received-incentives~~
10 ~~and-assistance-under-this-section.~~

11 Sec. 3. Section 15E.194, subsections 1 and 2, Code 2001,
12 are amended to read as follows:

13 1. An enterprise zone may be designated by a county which
14 meets at least two of the following criteria:

15 a. The county has an average weekly wage that ranks among
16 the bottom twenty-five counties in the state based on the 1995
17 2000 annual average weekly wage for employees in private
18 business.

19 b. The county has a family poverty rate that ranks among
20 the top twenty-five counties in the state based on the 1990
21 2000 census.

22 c. The county has experienced a percentage population loss
23 that ranks among the top twenty-five counties in the state
24 between 1990 and 1995 and 2000.

25 d. The county has a percentage of persons sixty-five years
26 of age or older that ranks among the top twenty-five counties
27 in the state based on the 1990 2000 census.

28 2. An enterprise zone may be designated by a city which
29 meets at least two of the following criteria:

30 a. The area has a per capita income of nine thousand six
31 hundred dollars or less based on the 1990 2000 census.

32 b. The area has a family poverty rate of twelve percent or
33 higher based on the 1990 2000 census.

34 c. Ten percent or more of the housing units are vacant in
35 the area.

1 d. The valuations of each class of property in the
2 designated area is seventy-five percent or less of the
3 citywide average for that classification based upon the most
4 recent valuations for property tax purposes.

5 e. The area is a blighted area, as defined in section
6 403.17.

7 Sec. 4. Section 15E.192, subsection 4, paragraph a, Code
8 2003, is amended by striking the paragraph.

9 Sec. 5. Section 422.6, unnumbered paragraph 1, Code 2001,
10 is amended to read as follows:

11 The tax imposed by section 422.5 less the credits allowed
12 under sections 15.333, 15.335, ~~15E.193A~~, 422.10, 422.11,
13 422.11A, and 422.11B, and the personal exemption credit
14 allowed under section 422.12 apply to and are a charge against
15 estates and trusts with respect to their taxable income, and
16 the rates are the same as those applicable to individuals.

17 The fiduciary shall make the return of income for the estate
18 or trust for which the fiduciary acts, whether the income is
19 taxable to the estate or trust or to the beneficiaries.

20 However, for tax years ending after August 5, 1997, if the
21 trust is a qualified preneed funeral trust as set forth in
22 section 685 of the Internal Revenue Code and the trustee has
23 elected the special tax treatment under section 685 of the
24 Internal Revenue Code, neither the trust nor the beneficiary
25 is subject to Iowa income tax on income accruing to the trust.

26 Sec. 6. Section 15E.193A, Code 2001, is repealed.

27 Sec. 7. EFFECTIVE DATE. Section 4 of this Act, striking
28 section 15E.192, subsection 4, paragraph "a", Code 2003, takes
29 effect July 1, 2003.

30 EXPLANATION

31 This bill amends the enterprise zone program which is
32 administered by the department of economic development.

33 The bill changes all the references to the 1990 certified
34 federal census to the 2000 certified federal census. The bill
35 allows counties and cities currently meeting distress criteria

1 based on the 1990 census to continue to designate enterprise
2 zones until July 1, 2003. The bill allows counties and cities
3 meeting the distress criteria based on the 2000 census to
4 designate enterprise zones between the effective date of the
5 bill (July 1, 2002) and July 1, 2005.

6 The bill provides that a certified enterprise zone shall
7 not be decertified or amended.

8 The bill eliminates a special provision which allowed a
9 county to designate an enterprise zone if certain criteria
10 were met. The special provision limited the department to
11 approving not more than five such enterprise zones prior to
12 July 1, 2001.

13 The bill amends two provisions relating to business
14 development enterprise zones. The bill eliminates a provision
15 which prohibited an eligible business from receiving
16 enterprise zone incentives and assistance if the eligible
17 business is located on property which is owned, or was
18 previously owned, by an approved development business that had
19 received enterprise zone incentives and assistance. The bill
20 also provides that an eligible development business must enter
21 into an agreement with a business which will occupy at least
22 75 percent of the total building space, meet employment level
23 criteria, and meet certain criteria relating to employee wages
24 and benefits and the type of business locating in the
25 building.

26 The bill repeals Code section 15E.193A relating to the
27 ability of certain businesses located outside of an enterprise
28 zone to receive enterprise zone incentives and assistance.

29
30
31
32
33
34
35

TO: The Iowa General Assembly
FROM: Georgia Soliday, IDED Legislative Liaison
DATE: November 26, 2001
RE: Update and Clarification of Enterprise Zone Program



This bill makes some updates and clarifications to the Enterprise Zone Program. The program currently references the 1990 census as a basis for the distress criteria used to designate an Enterprise Zone. Because we now have the 2000 census data information, the Department is proposing a change to update this date. In addition, time frames are established for when new Enterprise Zones can be set up and a sunset is designated for expiring Enterprise Zones.

The Department is also proposing to delete unused sections of the code under the Enterprise Zone division such as the alternative eligible business criteria and a special designation for five additional zones that expired July 1, 2001. Further clean-up language is included to make clarifications in the Development Business section that passed during the 2001 session.

The code section for the Enterprise Zone program begins at 15E.191.

3-11-02 Taken from Calendar + Sent to Small Business

FILED FEB 7 2002

SENATE FILE 2137
BY COMMITTEE ON SMALL
BUSINESS, ECONOMIC
DEVELOPMENT AND TOURISM

(SUCCESSOR TO SSB 3075)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the enterprise zone program and providing an
2 effective date.

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

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21

SF 2137

1 Section 1. Section 15E.192, subsections 2, 3, and 4, Code
2 2001, are amended to read as follows:

3 2. A city with a population of twenty-four thousand or
4 more, as shown by the 1990 2000 certified federal census, may
5 create an economic development enterprise zone as authorized
6 in this division, subject to certification by the department
7 of economic development, by designating one or more contiguous
8 census tracts, as determined in the most recent federal
9 census, or designating other geographic units approved by the
10 department of economic development for that purpose. If there
11 is an area in the city which meets the requirements for
12 eligibility for an urban or rural enterprise community under
13 Title XIII of the federal Omnibus Budget Reconciliation Act of
14 1993, such area shall be designated by the state an economic
15 development enterprise zone. The area meeting the
16 requirements for eligibility for an urban or rural enterprise
17 community shall not be included for the purpose of determining
18 the area limitation pursuant to subsection 4. In creating an
19 enterprise zone, a city with a population of twenty-four
20 thousand or more, as shown by the 1990 2000 certified federal
21 census, may designate as part of the area tracts or approved
22 geographic units located in a contiguous city if such tracts
23 or approved geographic units meet the criteria and the city
24 agrees to being included. The city may establish more than
25 one enterprise zone. Reference in this division to "city"
26 means a city with a population of twenty-four thousand or
27 more, as shown by the 1990 2000 certified federal census.

28 ~~3.--a.--A-county-may-designate-an-enterprise-zone-within-an~~
29 ~~area-located-in-one-or-more-contiguous-census-tracts-or-other~~
30 ~~geographic-units-of-the-county-that-meets-at-least-two-of-the~~
31 ~~following-distress-criteria:~~

32 ~~(1)--The-area-has-a-per-capita-income-of-nine-thousand-six~~
33 ~~hundred-dollars-or-less-based-according-to-the-1990-census.~~

34 ~~(2)--The-area-has-a-family-poverty-rate-of-twelve-percent~~
35 ~~or-more-according-to-the-1990-census.~~

1 (3)--Ten-percent-or-more-of-the-housing-units-in-the-area
2 are-vacant-

3 (4)--The-valuations-of-each-class-of-property-in-the
4 designated-area-of-the-census-tract-is-seventy-five-percent-or
5 less-of-the-countywide-average-for-that-classification-based
6 upon-the-most-recent-valuations-for-property-tax-purposes-

7 (5)--The-area-is-a-blighted-area, as-defined-in-section
8 403.17-

9 b.--The-department-shall-not-approve-more-than-five
10 enterprise-zones-designated-under-this-subsection-prior-to
11 July-1, 2001-

12 4. a. A county or city which meets the distress criteria
13 provided in section 15E.194, Code 2001, may apply to the
14 department for an area to be certified as an enterprise zone
15 at any time prior to July 1, 2003. However, the total amount
16 of land designated as enterprise zones under subsections 1 and
17 2, and any other enterprise zones certified by the department,
18 excluding those approved pursuant to section 15E.194,
19 subsection 4, shall not exceed in the aggregate one percent of
20 the total county area.

21 b. An enterprise zone certified by the department shall
22 not be decertified or amended.

23 c. A county or city may apply to the department for an
24 area to be certified as an enterprise zone at any time prior
25 to July 1, 2005. However, the total amount of land designated
26 as enterprise zones under subsections 1 and 2, and any other
27 enterprise zones certified by the department, excluding those
28 approved pursuant to section 15E.194, subsection 4, shall not
29 exceed in the aggregate one percent of the total county area.

30 Sec. 2. Section 15E.193C, subsections 5 and 10, Code
31 Supplement 2001, are amended to read as follows:

32 5. Prior to applying for assistance under this section, an
33 eligible development business shall enter into an agreement
34 with at least one business for purposes of locating the
35 business in all or a portion of the building space for a

1 period of at least five years. The locating business must
2 occupy at least seventy-five percent of the total building
3 space and meet the criteria provided in section 15E.193,
4 subsection 1, paragraphs "a", "b", and "c", and create at
5 least three full-time positions.

6 ~~10.--An-eligible-business-under-section-15E.193-is-not~~
7 ~~eligible-for-incentives-and-assistance-listed-in-section~~
8 ~~15E.196-if-the-property-is-owned,-or-was-previously-owned,-by~~
9 ~~an-approved-development-business-that-has-received-incentives~~
10 ~~and-assistance-under-this-section.~~

11 Sec. 3. Section 15E.194, subsections 1 and 2, Code 2001,
12 are amended to read as follows:

13 1. An enterprise zone may be designated by a county which
14 meets at least two of the following criteria:

15 a. The county has an average weekly wage that ranks among
16 the bottom twenty-five counties in the state based on the 1995
17 2000 annual average weekly wage for employees in private
18 business.

19 b. The county has a family poverty rate that ranks among
20 the top twenty-five counties in the state based on the 1990
21 2000 census.

22 c. The county has experienced a percentage population loss
23 that ranks among the top twenty-five counties in the state
24 between 1990 and 1995 and 2000.

25 d. The county has a percentage of persons sixty-five years
26 of age or older that ranks among the top twenty-five counties
27 in the state based on the 1990 2000 census.

28 2. An enterprise zone may be designated by a city which
29 meets at least two of the following criteria:

30 a. The area has a per capita income of nine thousand six
31 hundred dollars or less based on the 1990 2000 census.

32 b. The area has a family poverty rate of twelve percent or
33 higher based on the 1990 2000 census.

34 c. Ten percent or more of the housing units are vacant in
35 the area.

1 d. The valuations of each class of property in the
2 designated area is seventy-five percent or less of the
3 citywide average for that classification based upon the most
4 recent valuations for property tax purposes.

5 e. The area is a blighted area, as defined in section
6 403.17.

7 Sec. 4. Section 15E.192, subsection 4, paragraph a, Code
8 2003, is amended by striking the paragraph.

9 Sec. 5. Section 422.6, unnumbered paragraph 1, Code 2001,
10 is amended to read as follows:

11 The tax imposed by section 422.5 less the credits allowed
12 under sections 15.333, 15.335, ~~15E.193A~~, 422.10, 422.11,
13 422.11A, and 422.11B, and the personal exemption credit
14 allowed under section 422.12 apply to and are a charge against
15 estates and trusts with respect to their taxable income, and
16 the rates are the same as those applicable to individuals.

17 The fiduciary shall make the return of income for the estate
18 or trust for which the fiduciary acts, whether the income is
19 taxable to the estate or trust or to the beneficiaries.

20 However, for tax years ending after August 5, 1997, if the
21 trust is a qualified preneed funeral trust as set forth in
22 section 685 of the Internal Revenue Code and the trustee has
23 elected the special tax treatment under section 685 of the
24 Internal Revenue Code, neither the trust nor the beneficiary
25 is subject to Iowa income tax on income accruing to the trust.

26 Sec. 6. Section 15E.193A, Code 2001, is repealed.

27 Sec. 7. EFFECTIVE DATE. Section 4 of this Act, striking
28 section 15E.192, subsection 4, paragraph "a", Code 2003, takes
29 effect July 1, 2003.

30 EXPLANATION

31 This bill amends the enterprise zone program which is
32 administered by the department of economic development.

33 The bill changes all the references to the 1990 certified
34 federal census to the 2000 certified federal census. The bill
35 allows counties and cities currently meeting distress criteria

1 based on the 1990 census to continue to designate enterprise
2 zones until July 1, 2003. The bill allows counties and cities
3 meeting the distress criteria based on the 2000 census to
4 designate enterprise zones between the effective date of the
5 bill (July 1, 2002) and July 1, 2005.

6 The bill provides that a certified enterprise zone shall
7 not be decertified or amended.

8 The bill eliminates a special provision which allowed a
9 county to designate an enterprise zone if certain criteria
10 were met. The special provision limited the department to
11 approving not more than five such enterprise zones prior to
12 July 1, 2001.

13 The bill amends two provisions relating to business
14 development enterprise zones. The bill eliminates a provision
15 which prohibited an eligible business from receiving
16 enterprise zone incentives and assistance if the eligible
17 business is located on property which is owned, or was
18 previously owned, by an approved development business that had
19 received enterprise zone incentives and assistance. The bill
20 also provides that an eligible development business must enter
21 into an agreement with a business which will occupy at least
22 75 percent of the total building space, meet employment level
23 criteria, and meet certain criteria relating to employee wages
24 and benefits and the type of business locating in the
25 building.

26 The bill repeals Code section 15E.193A relating to the
27 ability of certain businesses located outside of an enterprise
28 zone to receive enterprise zone incentives and assistance.

29
30
31
32
33
34
35