

FILED FEB 08 2006

SENATE FILE 2183
BY COMMITTEE ON ECONOMIC GROWTH

(SUCCESSOR TO SF 77)

Passed Senate, Date 3-1-06 Passed House, Date 3-28-06

Vote: Ayes 50 Nays 0 Vote: Ayes 98 Nays 1

Re-passed
4-12-06 47-2

Approved _____

Re-passed
4-17-06 97-1

A BILL FOR

1 An Act allowing cities and counties to create enterprise zones
2 near modes of transportation.
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

SF 2183

1 Section 1. Section 15E.192, Code Supplement 2005, is
2 amended by adding the following new subsection:

3 NEW SUBSECTION. 2A. A city or county may create an
4 economic development enterprise zone as authorized in this
5 division, subject to certification by the department of
6 economic development, by designating up to four square miles
7 of the city or county for that purpose. In order for an
8 enterprise zone to be certified pursuant to this subsection,
9 an enterprise zone shall meet the distress criteria provided
10 in section 15E.194, subsection 2A. Section 15E.194,
11 subsections 1 and 2, shall not apply to an enterprise zone
12 certified pursuant to this subsection.

13 Sec. 2. Section 15E.194, subsection 2, unnumbered
14 paragraph 1, Code 2005, is amended to read as follows:

15 An enterprise zone may be designated by a city with a
16 population of twenty-four thousand or more which meets at
17 least two of the following criteria:

18 Sec. 3. Section 15E.194, Code 2005, is amended by adding
19 the following new subsection:

20 NEW SUBSECTION. 2A. A city or county may designate an
21 area of up to four square miles to be an enterprise zone if
22 the area is a blighted area as defined in section 403.17 and
23 the area includes or is located within one mile of at least
24 three of the following:

- 25 a. A commercial service airport.
- 26 b. A barge terminal or a navigable waterway.
- 27 c. Entry to a rail line.
- 28 d. Entry to an interstate highway.
- 29 e. Entry to a commercial and industrial highway network as
30 identified pursuant to section 313.2A.

31 Sec. 4. Section 15E.194, subsection 3, Code 2005, is
32 amended to read as follows:

33 3. The department of economic development shall certify
34 eligible enterprise zones that meet the requirements of
35 subsection 1 upon request by the county, ~~or~~ subsection 2 upon

1 request by the city, or subsection 2A upon request by the
2 county or city, as applicable.

3 Sec. 5. Section 15E.195, subsections 1 and 2, Code 2005,
4 are amended to read as follows:

5 1. A county which designates an enterprise zone pursuant
6 to section 15E.194, subsection 1 or 2A, and in which an
7 eligible enterprise zone is certified shall establish an
8 enterprise zone commission to review applications from
9 qualified businesses located within or requesting to locate
10 within an enterprise zone designated pursuant to section
11 15E.194, subsection 1 or 2A, to receive incentives or
12 assistance as provided in section 15E.196. The enterprise
13 zone commission shall also review applications from qualified
14 housing businesses requesting to receive incentives or
15 assistance as provided in section 15E.193B. The commission
16 shall consist of nine members. Five of these members shall
17 consist of one representative of the board of supervisors, one
18 member with economic development expertise chosen by the
19 department of economic development, one representative of the
20 county zoning board, one member of the local community college
21 board of directors, and one representative of the local
22 workforce development center. These five members shall select
23 the remaining four members. If the enterprise zone consists
24 of an area meeting the requirements for eligibility for an
25 urban or rural enterprise community under Title XIII of the
26 federal Omnibus Budget Reconciliation Act of 1993, one of the
27 remaining four members shall be a representative of that
28 community. A county shall have only one enterprise zone
29 commission to review applications for incentives and
30 assistance for businesses located within or requesting to
31 locate within a certified enterprise zone designated pursuant
32 to section 15E.194, subsection 1 or 2A.

33 2. A city ~~with a population of twenty-four thousand or~~
34 ~~more~~ which designates an enterprise zone pursuant to section
35 15E.194, subsection 2 or 2A, and in which an eligible

1 enterprise zone is certified shall establish an enterprise
2 zone commission to review applications from qualified
3 businesses located within or requesting to locate within an
4 enterprise zone to receive incentives or assistance as
5 provided in section 15E.196. The enterprise zone commission
6 shall review applications from qualified housing businesses
7 requesting to receive incentives or assistance as provided in
8 section 15E.193B. The commission shall consist of nine
9 members. Six of these members shall consist of one
10 representative of an international labor organization, one
11 member with economic development expertise chosen by the
12 department of economic development, one representative of the
13 city council, one member of the local community college board
14 of directors, one member of the city planning and zoning
15 commission, and one representative of the local workforce
16 development center. These six members shall select the
17 remaining three members. If the enterprise zone consists of
18 an area meeting the requirements for eligibility for an urban
19 enterprise community under Title XIII of the federal Omnibus
20 Budget Reconciliation Act of 1993, one of the remaining three
21 members shall be a representative of that community. If a
22 city contiguous to the city designating the enterprise zone is
23 included in an enterprise zone, a representative of the
24 contiguous city, chosen by the city council, shall be a member
25 of the commission. A city in which an eligible enterprise
26 zone is certified shall have only one enterprise zone
27 commission. If a city has established an enterprise zone
28 commission prior to July 1, 1998, the city may petition to the
29 department of economic development to change the structure of
30 the existing commission.

31

EXPLANATION

32 This bill allows the creation of a new type of enterprise
33 zone within the economic development enterprise zone program
34 administered by the department of economic development.

35 The bill provides that any city or county in the state may

1 create an enterprise zone, subject to certification by the
2 department, by designating up to four square miles of the city
3 or county for that purpose. In order to be certified, the
4 area must be a blighted area and include or be located within
5 one mile of three of the following: a commercial service
6 airport, a barge terminal or a navigable waterway, entry to a
7 rail line, entry to an interstate highway, or entry to a
8 commercial and industrial highway network.

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2183 - Distribution Center Enterprise Zone (LSB 6466 SV)
Analyst: Ron Robinson (Phone: [515] 281-6256) (ron.robinson@legis.state.ia.us)
Fiscal Note Version - NEW

Description

Senate File 2183 creates a new type of enterprise zone of up to four miles that a city of 24,000 or more, or a county, can designate for blighted areas located within one mile of at least three of the following:

- A commercial service airport.
- A barge terminal or a navigable waterway.
- Entry to a rail line.
- Entry to an interstate highway.
- Entry to a commercial and industrial highway network.

Background

The Department of Economic Development certifies eligible enterprise zones for ten years that meet the designated requirements upon the request of a county or city. Currently, a city with a population of 24,000 or more is eligible to designate an enterprise zone if the zone meets two of the following distress criteria:

- The area has a per capita income of \$25,648 or less based on the 2000 census.
- The area has a family poverty rate of 12.0% or higher based on the 2000 census.
- Ten percent or more of the housing units are vacant in the area.
- The valuations of each class of property in the designated area is 75.0% or less of the citywide average for that classification based upon the most recent valuations for property tax purposes.
- The area is a blighted area.

An enterprise zone may be designated by a county which meets at least two of the following distress criteria:

- The county has an average weekly wage that ranks among the bottom 25 counties in the State based on the 2000 annual average weekly wage for employees in private business.
- The county has a family poverty rate that ranks among the top 25 counties in the State based on the 2000 census.
- The county has experienced a percentage population loss that ranks among the top 25 counties in the State between 1995 and 2000.
- The county has a percentage of persons 65 years of age or older that ranks among the top 25 counties in the state based on the 2000 census.

There are currently 784 designated enterprise zones in 40 counties and 17 cities. There have been 437 awards, 161 business awards and 276 housing awards.

Section 15E.192(3)(b), Code of Iowa, provides that an enterprise zone must be applied for before March 1, 2006, and the zone, excluding any business closure areas, must not exceed 1.0% of the total county area.

Assumptions

1. If the date to establish a zone is extended and the new type of zone is created, 26 new counties will be eligible for the Enterprise Zone Program.

The counties include: Allamakee, Cedar, Clay, Dallas, Des Moines, Dubuque, Fremont, Hamilton, Harrison, Jasper, Johnson, Lee, Linn, Louisa, Madison, Mills, Muscatine, Plymouth, Pottawattamie, Scott, Sioux, Story, Wapello, Warren, Webster, and Woodbury.

2. Each new county will create an average of 20 new enterprise zones.
3. The new counties will average a combined 18 projects annually, 10 business awards and 18 housing awards.
4. Due to the time needed to establish new zones, approve projects, and begin operations, the first project awards would not be exercised until FY 2008.
5. The average award for an enterprise zone business project is \$1.4 million.
6. The average cost of an enterprise zone housing project award is \$183,000.
7. A project does not take place in every enterprise zone.
8. All awards will be exercised.

Fiscal Impact

Senate File 2183 will have no fiscal impact to the State General Fund. The deadline for applying for enterprise zones was March 1, 2006.

However, if the date to apply for a zone was extended sufficiently to permit the 26 additional counties to establish new zones, the Bill would reduce State General Fund revenue an estimated \$9.0 million in FY 2008 and \$17.9 million annually beginning with FY 2009.

The fiscal impact does not include an adjustment for "indirect" impacts on State or local revenue. Both positive and negative indirect impacts are possible. Positive indirect impacts may include employees expending salary dollars within the State and growth in other businesses created and expanded to meet the needs of the new business. Negative indirect impacts may include the effect of the new business on other Iowa businesses when competing for labor, capital, and sales, as well as the additional demand for schools, roads, police and fire protection, and other government services that necessarily result from higher levels of employment and population.

Source

Department of Economic Development

/s/ Holly M. Lyons

March 10, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

SENATE FILE 2183

H-8349

1 Amend Senate File 2183, as passed by the Senate, as
2 follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "Section 1. Section 15E.192, subsection 2, Code
6 Supplement 2005, is amended to read as follows:

7 2. A city ~~with a population of twenty-four-~~
8 ~~thousand or more which includes at least three census~~
9 tracts with at least fifty percent of the population
10 in each census tract located in the city, as shown by
11 the 2000 certified federal census, may create an
12 economic development enterprise zone as authorized in
13 this division, subject to certification by the
14 department of economic development, by designating one
15 or more contiguous census tracts, as determined in the
16 most recent federal census, or designating other
17 geographic units approved by the department of
18 economic development for that purpose. If there is an
19 area in the city which meets the requirements for
20 eligibility for an urban or rural enterprise community
21 under Title XIII of the federal Omnibus Budget
22 Reconciliation Act of 1993, such area shall be
23 designated by the state as an economic development
24 enterprise zone. The area meeting the requirements
25 for eligibility for an urban or rural enterprise
26 community shall not be included for the purpose of
27 determining the area limitation pursuant to subsection

28 3. In creating an enterprise zone, a city ~~with a-~~
29 ~~population of twenty-four thousand or more which~~
30 includes at least three census tracts with at least
31 fifty percent of the population in each census tract
32 located in the city, as shown by the 2000 certified
33 federal census, may designate as part of the area
34 tracts or approved geographic units located in a
35 contiguous city if such tracts or approved geographic
36 units meet the criteria and the city agrees to being
37 included. The city may establish more than one
38 enterprise zone. Reference in this division to "city"
39 means a city ~~with a population of twenty-four thousand-~~
40 ~~or more which includes at least three census tracts~~
41 with at least fifty percent of the population in each
42 census tract located in the city, as shown by the 2000
43 certified federal census.

44 Sec. 2. Section 15E.192, Code Supplement 2005, is
45 amended by adding the following new subsections:

46 NEW SUBSECTION. 2A. A city may create an economic
47 development enterprise zone as authorized in this
48 division, subject to certification by the department
49 of economic development, by designating up to four
50 square miles of the city for that purpose. In order

H-8349

1 for an enterprise zone to be certified pursuant to
2 this subsection, an enterprise zone shall meet the
3 distress criteria provided in section 15E.194,
4 subsection 2A. Section 15E.194, subsection 2, shall
5 not apply to an enterprise zone certified pursuant to
6 this subsection. A cumulative total of not more than
7 twenty-five million dollars worth of incentives and
8 assistance under section 15E.196, subsections 1, 2, 3,
9 4, and 6, shall be awarded to businesses located in
10 enterprise zones certified prior to July 1, 2007,
11 pursuant to this subsection. For the fiscal period
12 beginning July 1, 2007, and ending June 30, 2010, each
13 fiscal year a cumulative total of not more than
14 twenty-five million dollars worth of incentives and
15 assistance under section 15E.196, subsections 1, 2, 3,
16 4, and 6, shall be awarded to businesses located in
17 enterprise zones certified during that fiscal year
18 pursuant to this subsection. A business located in an
19 enterprise zone certified pursuant to this subsection
20 that receives incentives and assistance shall have up
21 to two fiscal years after the fiscal year in which
22 incentives and assistance are awarded to use or expend
23 such incentives and assistance. Any incentives and
24 assistance that remain unused or unexpended at the end
25 of a project or by June 30 of the second fiscal year
26 after the fiscal year in which the incentives and
27 assistance were awarded shall be credited to the
28 fiscal year in which the incentives and assistance
29 were awarded and may be awarded by the department to a
30 different business. For purposes of this subsection
31 and section 15E.194, subsection 2A, "city" means a
32 city that includes at least three census tracts, as
33 determined in the most recent federal census.

34 NEW SUBSECTION. 2B. A city that includes at least
35 two census tracts with at least fifty percent of the
36 population in each census tract located in the city
37 may create an economic development enterprise zone as
38 authorized in this division, subject to certification
39 by the department of economic development as provided
40 in section 15E.194, subsection 3. An enterprise zone
41 under this subsection shall not be required to meet
42 any distress criteria.

43 Sec. 3. Section 15E.192, subsection 3, paragraph
44 b, Code Supplement 2005, is amended to read as
45 follows:

46 b. A county or city may apply to the department
47 for an area to be certified as an enterprise zone ~~at~~
48 ~~any time prior to March 1, 2006.~~ However, the total
49 amount of land designated as enterprise zones under
50 ~~subsections 1 and 2~~ subsection 1, and any other

1 enterprise zones certified by the department,
2 excluding those approved pursuant to subsection 2B and
3 section 15E.194, subsections 2A and 4,
4 shall not exceed in the aggregate one percent of the
5 total county area.

6 Sec. 4. Section 15E.192, subsection 4, Code
7 Supplement 2005, is amended to read as follows:

8 4. An enterprise zone designation shall remain in
9 effect ~~for ten years following the date of~~
10 certification until one year following the completion
11 of the designation of census tracts for the state as
12 part of the 2010 census process. Any state or local
13 incentives or assistance that may be conferred must be
14 conferred before the designation expires. However,
15 the benefits of the incentive or assistance may
16 continue beyond the expiration.

17 Sec. 5. Section 15E.193B, subsection 1, Code
18 Supplement 2005, is amended to read as follows:

19 1. A housing business qualifying under this
20 section is eligible to receive incentives and
21 assistance only as provided in this section. An
22 eligible housing business shall not receive incentives
23 or assistance for a home or multiple dwelling unit
24 built or rehabilitated in an enterprise zone
25 designated pursuant to section 15E.194, subsection 2A
26 or 4. Sections 15E.193 and 15E.196 do not apply to an
27 eligible housing business qualifying under this
28 section.

29 Sec. 6. Section 15E.194, Code 2005, is amended by
30 adding the following new subsection:

31 NEW SUBSECTION. 2A. A city may designate an area
32 of up to four square miles to be an enterprise zone if
33 the area includes or is located within four miles of
34 at least three of the following:

- 35 a. A commercial service airport.
- 36 b. A barge terminal or a navigable waterway.
- 37 c. Entry to a rail line.
- 38 d. Entry to an interstate highway.
- 39 e. Entry to a commercial and industrial highway
40 network as identified pursuant to section 313.2A.

41 An eligible housing business under section 15E.193B
42 shall not receive incentives or assistance for a home
43 or multiple dwelling unit built or rehabilitated in an
44 enterprise zone designated pursuant to this
45 subsection.

46 Sec. 7. Section 15E.194, subsection 3, Code 2005,
47 is amended to read as follows:

48 3. The department of economic development shall
49 certify eligible enterprise zones that meet the
50 requirements of subsection 1 upon request by the

1 county, ~~or~~ subsection 2 upon request by the city, or
2 subsection 2A upon request by the city, as applicable.
3 Once every two years, the department may certify one
4 enterprise zone pursuant to section 15E.192,
5 subsection 2B.

6 Sec. 8. Section 15E.195, subsection 2, Code 2005,
7 is amended to read as follows:

8 2. A city ~~with a population of twenty-four~~
9 ~~thousand or more which includes at least three census~~
10 tracts with at least fifty percent of the population
11 in each census tract located in the city and which
12 designates an enterprise zone pursuant to section
13 15E.194, subsection 2 or 2A, and in which an eligible
14 enterprise zone is certified shall establish an
15 enterprise zone commission to review applications from
16 qualified businesses located within or requesting to
17 locate within an enterprise zone to receive incentives
18 or assistance as provided in section 15E.196. The
19 enterprise zone commission shall review applications
20 from qualified housing businesses requesting to
21 receive incentives or assistance as provided in
22 section 15E.193B. The commission shall consist of
23 nine members. Six of these members shall consist of
24 one representative of an international labor
25 organization, one member with economic development
26 expertise chosen by the department of economic
27 development, one representative of the city council,
28 one member of the local community college board of
29 directors, one member of the city planning and zoning
30 commission, and one representative of the local
31 workforce development center. These six members shall
32 select the remaining three members. If the enterprise
33 zone consists of an area meeting the requirements for
34 eligibility for an urban enterprise community under
35 Title XIII of the federal Omnibus Budget
36 Reconciliation Act of 1993, one of the remaining three
37 members shall be a representative of that community.
38 If a city contiguous to the city designating the
39 enterprise zone is included in an enterprise zone, a
40 representative of the contiguous city, chosen by the
41 city council, shall be a member of the commission. A
42 city in which an eligible enterprise zone is certified
43 shall have only one enterprise zone commission. If a
44 city has established an enterprise zone commission
45 prior to July 1, 1998, the city may petition to the
46 department of economic development to change the
47 structure of the existing commission.

48 Sec. 9. EFFECTIVE AND RETROACTIVE APPLICABILITY
49 DATES. This Act, being deemed of immediate
50 importance, takes effect upon enactment and, if

H-8349

Page 5

1 enacted after March 1, 2006, applies retroactively to
2 March 1, 2006."

3 2. Title page, by striking lines 1 and 2 and
4 inserting the following: "An Act relating to the
5 certification of enterprise zones and incentives and
6 assistance under the enterprise zone program and
7 including effective date and retroactive applicability
8 provisions."

9 3. By renumbering as necessary.

COMMITTEE ON WAYS AND MEANS

J. K. VAN FOSSEN of Scott, Chairperson

H-8349 FILED MARCH 22, 2006

SENATE FILE 2183

H-8362

1 Amend the amendment, H-8349, to Senate File 2183,
2 as passed by the Senate, as follows:

3 1. Page 2, by striking lines 6 through 11 and
4 inserting the following: "this subsection. For the
5 fiscal period".

6 2. Page 3, line 2, by striking the word and
7 figure "subsection 2B" and inserting the following:
8 "subsections 2 and 2B".

9 3. Page 3, by striking lines 10 through 12 and
10 inserting the following: "certification until one
11 year following the publication of the 2010 federal
12 census. Any state or local".

By STRUYK of Pottawattamie

H-8362 FILED MARCH 22, 2006

SENATE FILE 2183

H-8384

1 Amend the amendment, H-8349, to Senate File 2183,
2 as passed by the Senate, as follows:

3 1. Page 3, by inserting after line 28 the
4 following:

5 "Sec. ____ . Section 15E.194, subsection 1,
6 unnumbered paragraph 1, Code 2005, is amended to read
7 as follows:

8 An enterprise zone may be designated by a county
9 which has one of the fifteen highest family poverty
10 rates for counties in the state based on the 2000
11 census or meets at least two of the following
12 criteria:"

13 2. By renumbering as necessary.

By ANDERSON of Page
SWAIM of Davis

H-8384 FILED MARCH 27, 2006

SENATE FILE 2183

H-8392

1 Amend the amendment, H-8349, to Senate File 2183,
2 as passed by the Senate, as follows:

3 1. Page 3, by inserting after line 28 the
4 following:

5 "Sec. ____ . Section 15E.194, subsection 1,
6 unnumbered paragraph 1, Code 2005, is amended to read
7 as follows:

8 An enterprise zone may be designated by a county
9 which has one of the fifteen highest family poverty
10 rates for counties in the state based on the 2000
11 census and has a population of less than twenty
12 thousand based on the 2000 census or a county which
13 meets at least two of the following criteria:"

14 2. By renumbering as necessary.

By ANDERSON of Page
SWAIM of Davis

H-8392 FILED MARCH 27, 2006

SENATE FILE 2183

H-8404

1 Amend the amendment, H-8349, to Senate File 2183,
2 as passed by the Senate, as follows:

3 1. Page 1, line 45, by striking the word
4 "subsections" and inserting the following:
5 "subsection".

6 2. Page 2, by striking lines 6 through 11 and
7 inserting the following: "this subsection. For the
8 fiscal year".

9 3. Page 2, by striking lines 18 through 30 and
10 inserting the following: "pursuant to this
11 subsection. For purposes of this subsection".

12 4. Page 2, by striking lines 34 through 42.

13 5. Page 2, lines 47 and 48, by striking the words
14 and figures "~~at any time prior to March 1, 2006~~" and
15 inserting the following: "at any time prior to ~~March-~~
16 ~~1, 2006~~ July 1, 2010".

17 6. Page 3, line 2, by striking the word and
18 figure "subsection 2B" and inserting the following:
19 "subsection 2".

20 7. Page 3, by striking lines 10 through 12 and
21 inserting the following: "certification until one
22 year following the complete publication of the 2010
23 federal census. Any state or local".

24 8. Page 4, by striking lines 3 through 5.

25 9. By striking page 4, line 48, through page 5,
26 line 2, and inserting the following:

27 "Sec. ____ . REPORT. By December 31, 2006, the
28 department of economic development shall submit a
29 written report to the general assembly regarding the
30 enterprise zone program and other programs
31 administered by the department. The report shall
32 include an analysis of the impact the enterprise zone
33 program has on the state's economy and the economy of
34 the cities and counties where enterprise zones are and
35 have been located, how the enterprise zone program
36 integrates with other programs administered by the
37 department, whether other programs administered by the
38 department are used to focus assistance on
39 economically distressed areas of the state, and any
40 changes to the enterprise zone program or any other
41 programs administered by the department necessary to
42 better serve the needs of the economically distressed
43 areas of the state.

44 Sec. ____ . EFFECTIVE AND RETROACTIVE APPLICABILITY
45 DATES.

46 1. The section of this Act amending section
47 15E.192, subsection 4, being deemed of immediate
48 importance, takes effect upon enactment and applies
49 retroactively to May 14, 1997.

50 2. The remaining sections of this Act, being

H-8404

H-8404

Page 2

1 deemed of immediate importance, take effect upon
2 enactment and apply retroactively to March 1, 2006."
3 10. By renumbering as necessary.

By STRUYK of Pottawattamie
JENKINS of Black Hawk

H-8404 FILED MARCH 28, 2006

WITHDRAWN

SENATE FILE 2183

H-8406

1 Amend the amendment, H-8349, to Senate File 2183,
2 as passed by the Senate, as follows:

3 1. Page 3, by inserting after line 28 the
4 following:

5 "Sec. ____ . Section 15E.194, subsection 1, Code
6 2005, is amended to read as follows:

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

10 a. The county has an average weekly wage that
11 ranks among the bottom ~~twenty-five~~ thirty-three
12 counties in the state based on the 2000 annual average
13 weekly wage for employees in private business.

14 b. The county has a family poverty rate that ranks
15 among the top ~~twenty-five~~ thirty-three counties in the
16 state based on the 2000 census.

17 c. The county has experienced a percentage
18 population loss that ranks among the top ~~twenty-five~~
19 thirty-three counties in the state between 1995 and
20 2000.

21 d. The county has a percentage of persons sixty-
22 five years of age or older that ranks among the top
23 ~~twenty-five~~ thirty-three counties in the state based
24 on the 2000 census."

25 2. By renumbering as necessary.

By SWAIM of Davis

H-8406 FILED MARCH 28, 2006

LOST

SENATE FILE 2183

H-8412

1 Amend the amendment, H-8349, to Senate File 2183,
2 as passed by the Senate, as follows:

3 1. Page 1, line 45, by striking the word
4 "subsections" and inserting the following:
5 "subsection".

6 2. Page 2, by striking lines 6 through 11 and
7 inserting the following: "this subsection. For the
8 fiscal year".

9 3. Page 2, by striking lines 18 through 30 and
10 inserting the following: "pursuant to this
11 subsection. For purposes of this subsection".

12 4. Page 2, by striking lines 34 through 42.

13 5. Page 2, lines 47 and 48, by striking the words
14 and figures "~~at any time prior to March 1, 2006~~" and
15 inserting the following: "at any time prior to ~~March~~
16 ~~1, 2006~~ July 1, 2010".

17 6. Page 3, line 2, by striking the word and
18 figure "subsection 2B" and inserting the following:
19 "subsection 2".

20 7. Page 3, by striking lines 9 through 12 and
21 inserting the following: "effect for ten years
22 following the date of certification. Prior to the
23 expiration of an enterprise zone designation, a city
24 or county meeting the distress criteria in section
25 15E.194 may apply for a one-time ten-year extension of
26 the designation. In applying for a one-time ten-year
27 extension of an enterprise zone designation, a city or
28 county may redefine the boundaries of the enterprise
29 zone provided that the redefined enterprise zone meets
30 the applicable distress criteria provided in section
31 15E.194. Prior to the expiration of an enterprise
32 zone designation, a city or county that is not
33 eligible to designate an enterprise zone but
34 previously designated the enterprise zone pursuant to
35 section 15E.194, Code Supplement 1997, may apply for a
36 one-time extension of the enterprise zone designation
37 to one year following the complete publication of the
38 2010 federal census. In applying for a one-time
39 extension of the enterprise zone designation, the city
40 or county may redefine the boundaries of the
41 enterprise zone provided that the redefined enterprise
42 zone meets the distress criteria provided in section
43 15E.194, Code Supplement 1997. The department shall
44 designate by rule the specific date of one year
45 following the complete publication of the 2010 federal
46 census. Any state or local".

47 8. Page 4, by striking lines 3 through 5.

48 9. By striking page 4, line 48, through page 5,
49 line 2, and inserting the following:

50 "Sec. ____ . REPORT. By December 31, 2006, the

H-8412

H-8412

Page 2

1 department of economic development shall submit a
2 written report to the general assembly regarding the
3 enterprise zone program and other programs
4 administered by the department. The report shall
5 include an analysis of the impact the enterprise zone
6 program has on the state's economy and the economy of
7 the cities and counties where enterprise zones are and
8 have been located, how the enterprise zone program
9 integrates with other programs administered by the
10 department, whether other programs administered by the
11 department are used to focus assistance on
12 economically distressed areas of the state, and any
13 changes to the enterprise zone program or any other
14 programs administered by the department necessary to
15 better serve the needs of the economically distressed
16 areas of the state.

17 Sec. ____ . EFFECTIVE AND RETROACTIVE APPLICABILITY
18 DATES.

19 1. The section of this Act amending section
20 15E.192, subsection 4, being deemed of immediate
21 importance, takes effect upon enactment and applies
22 retroactively to May 14, 1997.

23 2. The remaining sections of this Act, being
24 deemed of immediate importance, take effect upon
25 enactment and apply retroactively to March 1, 2006."

26 10. By renumbering as necessary.

By STRUYK of Pottawattamie
JENKINS of Black Hawk

H-8412 FILED MARCH 28, 2006

ADOPTED

SENATE FILE 2183

H-8413

1 Amend the amendment, H-8349, to Senate File 2183,
2 as passed by the Senate, as follows:

3 1. Page 3, by inserting after line 16 the
4 following:

5 "Sec. ____ . Section 15E.193, subsection 1, Code
6 2005, is amended by adding the following new
7 paragraph:

8 NEW PARAGRAPH. f. Follows guidelines of the
9 federal equal employment opportunity commission
10 designed to encourage the employment of minorities and
11 persons with disabilities."

12 2. By renumbering as necessary.

By FORD of Polk

H-8413 FILED MARCH 28, 2006

WITHDRAWN

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2183 - Distribution Center Enterprise Zone (LSB 6466 SV.1)
Analyst: Ron Robinson (Phone: [515] 281-6256) (ron.robinson@legis.state.ia.us)
Fiscal Note Version – As Amended by H-8349

Description

Senate File 2183, as Amended by H-8349, which strikes everything after the enacting clause, changes the date that designated enterprise zones expire from 10-years following certification to one-year following the designation of census tracts for the State as part of the 2010 census. The expiration will be approximately March of 2012.

The Bill eliminates the March 1, 2006, deadline for counties and cities to apply to the Department of Economic Development (DED) for an area to be certified as an enterprise zone.

The Bill decreases the required city population from 24,000, to at least three census tracts (approximately 12,000 people) with at least 50.0% of the population in each census tract located in the city, to designate a City Metropolitan Zone, if the zone meets two of the following distress criteria:

- The area has a per capita income of \$12,648 or less, based on the 2000 census.
- The area has a family poverty rate of 12.0% or higher, based on the 2000 census.
- Ten percent or more of the housing units are vacant in the area.
- The valuations of each class of property in the designated area is 75.0% or less of the citywide average for that classification based upon the most recent valuations for property tax purposes.
- The area is a blighted area.

As amended, Senate File 2183 creates a new type of enterprise zone (Transportation Zone) of up to four miles that a city with a population of approximately 12,000 or more can designate for areas located within four miles of at least three of the following:

- A commercial service airport.
- A barge terminal or a navigable waterway.
- Entry to a rail line.
- Entry to an interstate highway.
- Entry to a commercial and industrial highway network.

The Bill permits the Department of Economic Development to certify one enterprise zone (Mid-size Zone) every two-years in a city that includes at least two census tracts (approximately 8,000 people) with at least 50.0% of the population in each census tract located in the city. The zone is not required to meet any distress or blighted criteria and the size of the zone is not limited. The Bill does not specify how the city will be selected. The city will not be subject to the 1.0% of the county limitation.

Section 15E.192(3)(b), Code of Iowa, provides that the total area of all zones in a county, excluding any business closure areas, must not exceed 1.0% of the total county area. The Bill excludes the new city zones from the 1.0% calculation.

The Bill limits State awards to businesses located in all Transportation Zones certified prior to FY 2008 to \$25.0 million. The Bill also limits to \$25.0 million, State awards to businesses located in all Transportation Zones certified in each FY 2008, FY 2009, and FY 2010.

The Bill requires all awards to be used or expended by a business within two fiscal years of the year of the award. Current law, as provided by Section 15.333, Code of Iowa, requires the award of Investment Tax Credits to an eligible enterprise zone business to be amortized over five calendar years and permits the Credit to be carried forward for seven years.

Background

An enterprise zone may be designated by a county (County Zone) which meets at least two of the following distress criteria:

- The county has an average weekly wage that ranks among the bottom 25 counties in the State based on the 2000 annual average weekly wage for employees in private business.
- The county has a family poverty rate that ranks among the top 25 counties in the State based on the 2000 census.
- The county has experienced a percentage population loss that ranks among the top 25 counties in the State between 1995 and 2000.
- The county has a percentage of persons 65 years of age or older that ranks among the top 25 counties in the State based on the 2000 census.

As of December 31, 2005, there were 784 designated enterprise zones in 40 counties and 17 counties with City Metropolitan Zones. There have been 437 awards including 161 business awards and 276 housing awards.

Assumptions

1. The following 10 additional cities will now qualify to apply for a City Metropolitan Zone: Boone, Coralville, Fort Madison, Indianola, Keokuk, Knoxville, Muscatine, Newton, Oskaloosa, and Waverly.
2. The cities that will be eligible to apply for a Transportation Zone will include: Ames, Bettendorf, Burlington, Cedar Falls, Cedar Rapids, Clinton, Coralville, Council Bluffs, Davenport, Des Moines, Dubuque, Fort Dodge, Fort Madison, Iowa City, Keokuk, Marion, Mason City, Muscatine, Sioux City, Urbandale, Waterloo, and West Des Moines. The cities will not be subject to the 1.0% of the county limitation. A home or multiple dwelling housing business is not eligible for awards in a Transportation Zone.
3. The following cities that would qualify under the Bill for a Transportation Zone that do not currently qualify for any type of enterprise zone: Coralville, Fort Madison, Keokuk, and Muscatine. The following cities are currently restricted by the 1.0% county limitation: Cedar Falls, Des Moines, Mason City, and Waterloo.
4. There are 33 cities that have the required two census tracts for a Mid-size Zone, with seven of them located in counties that qualify for a County Zone. There are 28 counties that qualify for a County Zone.
5. The 22 cities that are eligible as both a Transportation Zone and a City Metropolitan Zone will utilize only the Transportation Zone for business projects which are not subject to the 1.0% county limitation, and the total of 31 cities that are eligible for a City Metropolitan Zone will continue to use them for housing projects.
6. Project awards for Transportation Zones will be made during the first half of the fiscal year, permitting the project to utilize four calendar years of the five year amortized Investment Tax Credit.

7. Transportation Zone Business projects will average the same annual awards for eligible cities as the current City Metropolitan Zones, resulting in annual awards totaling \$16.5 million for the 22 cities in the Transportation Zones. The awards will be issued during the year that a zone is certified.
8. The extension of the deadline for counties to apply for an enterprise zone will not have a significant fiscal impact.
9. Currently City Metropolitan Zones represent approximately \$20.3 million in business (\$15.7 million) and housing (\$4.6 million) awards annually for 21 eligible cities. The Bill will qualify an additional 10 cities in the City Metropolitan Zones, and with 22 of the 31 eligible cities using the Transportation Zones, the net result will be nine cities using the City Metropolitan Zones for business projects.
10. Due to the time needed to establish new zones, approve projects, and begin operations, the first project awards would not be exercised until FY 2008.
11. The average award for an enterprise zone business project is \$1.4 million and 89.0% of that amount is for Investment Tax Credits and is to be amortized over five-years.
12. The average cost of an enterprise zone housing project award is \$183,000.
13. The 1.0% county limitation will not impact the City Metropolitan Zone cities utilization of a zone for housing projects.
14. A Mid-size City Zone will receive a business award in every other year and a housing award every year.
15. A project does not take place in every enterprise zone.
16. All awards will be exercised.
17. No specific project was used in the estimate.

Fiscal Impact

Senate File 2183, as Amended by H-8349, is estimated to reduce State General Fund revenue as follows:

- \$21.2 million in FY 2008
- \$25.0 million in FY 2009
- \$30.5 million in FY 2010
- \$31.1 million in FY 2011
- \$32.7 million in FY 2012

Insufficient information is available to determine if any specific project would have a fiscal impact in FY 2007. In order for a project to have fiscal impact on FY 2007, a zone would have to be applied for, certified by the DED, the eligible business would have to have the project approved, begin construction, and have their tax year end during FY 2007 in time for a sales and use tax refund to be issued during FY 2007.

The fiscal impact does not include an adjustment for "indirect" impacts on State or local revenue. Both positive and negative indirect impacts are possible. Positive indirect impacts may include employees expending salary dollars within the State and growth in other businesses created and expanded to meet the needs of the new business. Negative indirect impacts may include the effect of the new business on other Iowa businesses when competing for labor, capital, and sales, as well as the additional demand for schools, roads, police and fire protection, and other government services that necessarily result from higher levels of employment and population.

Source

Department of Economic Development

/s/ Holly M. Lyons

March 28, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

HOUSE AMENDMENT TO
SENATE FILE 2183

S-5135

1 Amend Senate File 2183, as passed by the Senate, as
2 follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "Section 1. Section 15E.192, subsection 2, Code
6 Supplement 2005, is amended to read as follows:

7 2. A city ~~with a population of twenty-four-~~
8 ~~thousand or more which includes at least three census~~
9 tracts with at least fifty percent of the population
10 in each census tract located in the city, as shown by
11 the 2000 certified federal census, may create an
12 economic development enterprise zone as authorized in
13 this division, subject to certification by the
14 department of economic development, by designating one
15 or more contiguous census tracts, as determined in the
16 most recent federal census, or designating other
17 geographic units approved by the department of
18 economic development for that purpose. If there is an
19 area in the city which meets the requirements for
20 eligibility for an urban or rural enterprise community
21 under Title XIII of the federal Omnibus Budget
22 Reconciliation Act of 1993, such area shall be
23 designated by the state as an economic development
24 enterprise zone. The area meeting the requirements
25 for eligibility for an urban or rural enterprise
26 community shall not be included for the purpose of
27 determining the area limitation pursuant to subsection

28 3. In creating an enterprise zone, a city ~~with a~~
29 ~~population of twenty-four thousand or more which~~
30 includes at least three census tracts with at least
31 fifty percent of the population in each census tract
32 located in the city, as shown by the 2000 certified
33 federal census, may designate as part of the area
34 tracts or approved geographic units located in a
35 contiguous city if such tracts or approved geographic
36 units meet the criteria and the city agrees to being
37 included. The city may establish more than one
38 enterprise zone. Reference in this division to "city"
39 means a city ~~with a population of twenty-four thousand-~~
40 ~~or more which includes at least three census tracts~~
41 with at least fifty percent of the population in each
42 census tract located in the city, as shown by the 2000
43 certified federal census.

44 Sec. 2. Section 15E.192, Code Supplement 2005, is
45 amended by adding the following new subsection:

46 NEW SUBSECTION. 2A. A city may create an economic
47 development enterprise zone as authorized in this
48 division, subject to certification by the department
49 of economic development, by designating up to four
50 square miles of the city for that purpose. In order

S-5135

1 for an enterprise zone to be certified pursuant to
2 this subsection, an enterprise zone shall meet the
3 distress criteria provided in section 15E.194,
4 subsection 2A. Section 15E.194, subsection 2, shall
5 not apply to an enterprise zone certified pursuant to
6 this subsection. For the fiscal year beginning July
7 1, 2007, and ending June 30, 2010, each fiscal year a
8 cumulative total of not more than twenty-five million
9 dollars worth of incentives and assistance under
10 section 15E.196, subsections 1, 2, 3, 4, and 6, shall
11 be awarded to businesses located in enterprise zones
12 certified during that fiscal year pursuant to this
13 subsection. For purposes of this subsection and
14 section 15E.194, subsection 2A, "city" means a city
15 that includes at least three census tracts, as
16 determined in the most recent federal census.

17 Sec. 3. Section 15E.192, subsection 3, paragraph
18 b, Code Supplement 2005, is amended to read as
19 follows:

20 b. A county or city may apply to the department
21 for an area to be certified as an enterprise zone at
22 any time prior to ~~March 1, 2006~~ July 1, 2010.
23 However, the total amount of land designated as
24 enterprise zones under ~~subsections 1 and 2~~ subsection
25 1, and any other enterprise zones certified by the
26 department, excluding those approved pursuant to
27 subsection 2 and section 15E.194, subsection
28 subsections 2A and 4, shall not exceed in the
29 aggregate one percent of the total county area.

30 Sec. 4. Section 15E.192, subsection 4, Code
31 Supplement 2005, is amended to read as follows:

32 4. An enterprise zone designation shall remain in
33 effect for ten years following the date of
34 certification. Prior to the expiration of an
35 enterprise zone designation, a city or county meeting
36 the distress criteria in section 15E.194 may apply for
37 a one-time ten-year extension of the designation. In
38 applying for a one-time ten-year extension of an
39 enterprise zone designation, a city or county may
40 redefine the boundaries of the enterprise zone
41 provided that the redefined enterprise zone meets the
42 applicable distress criteria provided in section
43 15E.194. Prior to the expiration of an enterprise
44 zone designation, a city or county that is not
45 eligible to designate an enterprise zone but
46 previously designated the enterprise zone pursuant to
47 section 15E.194, Code Supplement 1997, may apply for a
48 one-time extension of the enterprise zone designation
49 to one year following the complete publication of the
50 2010 federal census. In applying for a one-time

1 extension of the enterprise zone designation, the city
2 or county may redefine the boundaries of the
3 enterprise zone provided that the redefined enterprise
4 zone meets the distress criteria provided in section
5 15E.194, Code Supplement 1997. The department shall
6 designate by rule the specific date of one year
7 following the complete publication of the 2010 federal
8 census. Any state or local incentives or assistance
9 that may be conferred must be conferred before the
10 designation expires. However, the benefits of the
11 incentive or assistance may continue beyond the
12 expiration.

13 Sec. 5. Section 15E.193B, subsection 1, Code
14 Supplement 2005, is amended to read as follows:

15 1. A housing business qualifying under this
16 section is eligible to receive incentives and
17 assistance only as provided in this section. An
18 eligible housing business shall not receive incentives
19 or assistance for a home or multiple dwelling unit
20 built or rehabilitated in an enterprise zone
21 designated pursuant to section 15E.194, subsection 2A
22 or 4. Sections 15E.193 and 15E.196 do not apply to an
23 eligible housing business qualifying under this
24 section.

25 Sec. 6. Section 15E.194, Code 2005, is amended by
26 adding the following new subsection:

27 NEW SUBSECTION. 2A. A city may designate an area
28 of up to four square miles to be an enterprise zone if
29 the area includes or is located within four miles of
30 at least three of the following:

- 31 a. A commercial service airport.
- 32 b. A barge terminal or a navigable waterway.
- 33 c. Entry to a rail line.
- 34 d. Entry to an interstate highway.
- 35 e. Entry to a commercial and industrial highway
36 network as identified pursuant to section 313.2A.

37 An eligible housing business under section 15E.193B
38 shall not receive incentives or assistance for a home
39 or multiple dwelling unit built or rehabilitated in an
40 enterprise zone designated pursuant to this
41 subsection.

42 Sec. 7. Section 15E.194, subsection 3, Code 2005,
43 is amended to read as follows:

44 3. The department of economic development shall
45 certify eligible enterprise zones that meet the
46 requirements of subsection 1 upon request by the
47 county, ~~or~~ subsection 2 upon request by the city, or
48 subsection 2A upon request by the city, as applicable.

49 Sec. 8. Section 15E.195, subsection 2, Code 2005,
50 is amended to read as follows:

1 2. ~~A city with a population of twenty four~~
2 ~~thousand or more~~ which includes at least three census
3 tracts with at least fifty percent of the population
4 in each census tract located in the city and which
5 designates an enterprise zone pursuant to section
6 15E.194, subsection 2 or 2A, and in which an eligible
7 enterprise zone is certified shall establish an
8 enterprise zone commission to review applications from
9 qualified businesses located within or requesting to
10 locate within an enterprise zone to receive incentives
11 or assistance as provided in section 15E.196. The
12 enterprise zone commission shall review applications
13 from qualified housing businesses requesting to
14 receive incentives or assistance as provided in
15 section 15E.193B. The commission shall consist of
16 nine members. Six of these members shall consist of
17 one representative of an international labor
18 organization, one member with economic development
19 expertise chosen by the department of economic
20 development, one representative of the city council,
21 one member of the local community college board of
22 directors, one member of the city planning and zoning
23 commission, and one representative of the local
24 workforce development center. These six members shall
25 select the remaining three members. If the enterprise
26 zone consists of an area meeting the requirements for
27 eligibility for an urban enterprise community under
28 Title XIII of the federal Omnibus Budget
29 Reconciliation Act of 1993, one of the remaining three
30 members shall be a representative of that community.
31 If a city contiguous to the city designating the
32 enterprise zone is included in an enterprise zone, a
33 representative of the contiguous city, chosen by the
34 city council, shall be a member of the commission. A
35 city in which an eligible enterprise zone is certified
36 shall have only one enterprise zone commission. If a
37 city has established an enterprise zone commission
38 prior to July 1, 1998, the city may petition to the
39 department of economic development to change the
40 structure of the existing commission.

41 Sec. 9. REPORT. By December 31, 2006, the
42 department of economic development shall submit a
43 written report to the general assembly regarding the
44 enterprise zone program and other programs
45 administered by the department. The report shall
46 include an analysis of the impact the enterprise zone
47 program has on the state's economy and the economy of
48 the cities and counties where enterprise zones are and
49 have been located, how the enterprise zone program
50 integrates with other programs administered by the

1 department, whether other programs administered by the
2 department are used to focus assistance on
3 economically distressed areas of the state, and any
4 changes to the enterprise zone program or any other
5 programs administered by the department necessary to
6 better serve the needs of the economically distressed
7 areas of the state.

8 Sec. 10. EFFECTIVE AND RETROACTIVE APPLICABILITY
9 DATES.

10 1. The section of this Act amending section
11 15E.192, subsection 4, being deemed of immediate
12 importance, takes effect upon enactment and applies
13 retroactively to May 14, 1997.

14 2. The remaining sections of this Act, being
15 deemed of immediate importance, take effect upon
16 enactment and apply retroactively to March 1, 2006."

17 2. Title page, by striking lines 1 and 2 and
18 inserting the following: "An Act relating to the
19 certification of enterprise zones and incentives and
20 assistance under the enterprise zone program and
21 including effective date and retroactive applicability
22 provisions."

23 3. By renumbering as necessary.

RECEIVED FROM THE HOUSE

SENATE FILE 2183

S-5162

1 Amend the House amendment, S-5135, to Senate File
2 2183, as passed by the Senate, as follows:

3 1. Page 3, by inserting after line 48 the
4 following:

5 "Sec. ____ . Section 15E.194, Code 2005, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 5. A city with a population of
8 less than eight thousand five hundred may designate an
9 enterprise zone when a business located in the city
10 publicly announces a plan to terminate the employment
11 of five hundred or more full-time employees within a
12 period of eighteen months or less. The enterprise
13 zone shall include any area within a three-mile radius
14 of the location of the business announcing the
15 termination of employees. The area meeting the
16 requirements for enterprise zone eligibility under
17 this subsection shall not be included for the purpose
18 of determining the area limitation pursuant to section
19 15E.192, subsection 3. An eligible housing business
20 under section 15E.193B shall not receive incentives or
21 assistance for a home or multiple dwelling unit built
22 or rehabilitated in an enterprise zone designated
23 pursuant to this subsection. If an enterprise zone
24 has been certified pursuant to this subsection and if
25 the business terminates less than five hundred full-
26 time employees within eighteen months beginning from
27 the time of public announcement, as determined by the
28 department, the department shall decertify the
29 enterprise zone. An eligible business located in an
30 enterprise zone designated pursuant to this subsection
31 shall repay any incentives and assistance received if
32 the enterprise zone is decertified due to the failure
33 of the eligible business to terminate at least five
34 hundred full-time employees during the specified time
35 period. The business causing the enterprise zone to
36 be certified pursuant to this subsection shall not be
37 eligible to receive incentives and assistance under
38 section 15E.196."

39 2. By renumbering as necessary.

By JAMES SEYMOUR

S-5162 FILED APRIL 4, 2006

S-5170

1 Amend the House amendment, S-5135, to Senate File
2 2183, as passed by the Senate, as follows:

3 1. Page 3, by inserting after line 24 the
4 following:

5 "Sec. ____ . Section 15E.194, subsection 1,
6 unnumbered paragraph 1, Code 2005, is amended to read
7 as follows:

8 An enterprise zone may be designated by a county
9 which has one of the fifteen highest family poverty
10 rates for counties in the state based on the 2000
11 census and has a population of less than twenty
12 thousand based on the 2000 census or a county which
13 meets at least two of the following criteria:"

14 2. By renumbering as necessary.

By KEITH A. KREIMAN

HUBERT M. HOUSER

PAUL MCKINLEY

JAMES SEYMOUR

S-5170 FILED APRIL 5, 2006

SENATE FILE 2183

S-5193

1 Amend the House amendment, S-5135, to Senate File
2 2183, as passed by the Senate, as follows:

Div 3 1. Page 2, line 6, by striking the word "year"
A 4 and inserting the following: "period".

5 2. Page 2, by striking lines 11 and 12 and
6 inserting the following: "be awarded to eligible
7 businesses applying to an enterprise zone commission
8 for incentives and assistance during that fiscal year
9 that are located in an enterprise zone certified
10 pursuant to this".

Div 11 3. Page 2, line 14, by inserting after the word
B 12 and figure "subsection 2A," the following: "and
13 notwithstanding the limitation of this division's
14 applicability to cities as described in subsection
15 2,".

16 4. Page 2, by striking lines 15 and 16 and
17 inserting the following: "with a population of
18 twenty-four thousand or more."

19 5. Page 3, line 27, by inserting after the word
20 "city" the following: ", as defined in section
21 15E.192, subsection 2A,".

Div 22 6. Page 3, line 29, by inserting after the word
A 23 "area" the following: "is a blighted area as defined
24 in section 403.17 and the area".

By JAMES SEYMOUR
ROGER STEWART

JACK HATCH
BOB BRUNKHORST

S-5193 FILED APRIL 12, 2006
DIV A - ADOPTED; DIV B - WITHDRAWN

SENATE FILE 2183

S-5195

1 Amend the amendment, S-5162, to the House
2 amendment, S-5135, to Senate File 2183, as passed by
3 the Senate, as follows:

4 1. Page 1, line 7, by striking the words "A city"
5 and inserting the following: "Notwithstanding the
6 limitation of this division's applicability to cities
7 as described in section 15E.192, subsection 2, a
8 city".

9 2. Page 1, line 12, by striking the word
10 "eighteen" and inserting the following: "twenty-
11 four".

12 3. Page 1, line 12, by inserting after the word
13 "less." the following: "A city shall not designate an
14 enterprise zone pursuant to this subsection after June
15 30, 2010."

16 4. Page 1, line 15, by inserting after the word
17 "employees." the following: "Not more than two
18 million dollars worth of incentives and assistance may
19 be awarded each fiscal year to eligible businesses
20 located in enterprise zones designated pursuant to
21 this subsection."

22 5. Page 1, line 26, by striking the word
23 "eighteen" and inserting the following: "twenty-
24 four".

25 6. Page 1, by inserting after line 38 the
26 following:

27 "____. Page 5, by inserting after line 13 the
28 following:

29 "1A. The section of this Act enacting section
30 15E.194, subsection 5, being deemed of immediate
31 importance, takes effect upon enactment and applies
32 retroactively to January 1, 2006.""

33 7. By renumbering as necessary.

By JAMES SEYMOUR

S-5195 FILED APRIL 12, 2006
RULED OUT OF ORDER

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2183 - Distribution Center Enterprise Zone (LSB 6466 SV.2)
Analyst: Ron Robinson (Phone: [515] 281-6256) (ron.robinson@legis.state.ia.us)
Fiscal Note Version – As Amended by S-5135

Description

Senate File 2183, as Amended by S-5135, which strikes everything after the enacting clause, extends the March 1, 2006, deadline for counties and cities to apply to the Department of Economic Development (DED) for an area to be certified as an enterprise zone until July 1, 2010. All cities and counties that meet the required distress criteria can apply for a 10-year zone. All cities and counties that no longer satisfy the required distress criteria and have a current enterprise zone established can apply for a one-time extension until the complete publication of the 2010 federal census, as specified by the Department of Economic Development.

The Bill decreases the required city population from 24,000, to at least three census tracts (approximately 12,000 people) with at least 50.0% of the population in each census tract located in the city, to designate a City Metropolitan Zone, if the zone meets two of the following distress criteria:

- The area has a per capita income of \$12,648 or less, based on the 2000 census.
- The area has a family poverty rate of 12.0% or higher, based on the 2000 census.
- Ten percent or more of the housing units are vacant in the area.
- The valuations of each class of property in the designated area is 75.0% or less of the citywide average for that classification based upon the most recent valuations for property tax purposes.
- The area is a blighted area.

As amended, Senate File 2183 creates a new type of enterprise zone (Transportation Zone) of up to four miles that a city with a population of approximately 12,000 or more can designate for areas located within four miles of at least three of the following:

- A commercial service airport.
- A barge terminal or a navigable waterway.
- Entry to a rail line.
- Entry to an interstate highway.
- Entry to a commercial and industrial highway network.

Section 15E.192(3)(b), Code of Iowa, provides that the total area of all zones in a county, excluding any business closure areas, must not exceed 1.0% of the total county area. The Bill excludes all city zones from the 1.0% calculation.

The Bill limits to \$25.0 million, State awards to businesses located in all Transportation Zones certified in each FY 2008, FY 2009, and FY 2010.

Background

An enterprise zone may be designated by a county (County Zone) which meets at least two of the following distress criteria:

- The county has an average weekly wage that ranks among the bottom 25 counties in the State based on the 2000 annual average weekly wage for employees in private business.
- The county has a family poverty rate that ranks among the top 25 counties in the State based on the 2000 census.
- The county has experienced a percentage population loss that ranks among the top 25 counties in the State between 1995 and 2000.
- The county has a percentage of persons 65 years of age or older that ranks among the top 25 counties in the State based on the 2000 census.

As of December 31, 2005, there were 784 designated enterprise zones in 40 counties and 17 counties with City Metropolitan Zones. There have been 437 awards including 161 business awards and 276 housing awards.

Assumptions

1. The following 10 additional cities will now qualify to apply for a City Metropolitan Zone: Boone, Coralville, Fort Madison, Indianola, Keokuk, Knoxville, Muscatine, Newton, Oskaloosa, and Waverly.
2. The cities that will be eligible to apply for a Transportation Zone will include: Ames, Bettendorf, Burlington, Cedar Falls, Cedar Rapids, Clinton, Coralville, Council Bluffs, Davenport, Des Moines, Dubuque, Fort Dodge, Fort Madison, Iowa City, Keokuk, Marion, Mason City, Muscatine, Sioux City, Urbandale, Waterloo, and West Des Moines. The cities will not be subject to the 1.0% of the county limitation. A home or multiple dwelling housing business is not eligible for awards in a Transportation Zone.
3. The following cities that would qualify under the Bill for a Transportation Zone that do not currently qualify for any type of enterprise zone: Coralville, Fort Madison, Keokuk, and Muscatine. The following cities are currently restricted by the 1.0% county limitation: Cedar Falls, Des Moines, Mason City, and Waterloo.
4. There are 28 counties that qualify for a County Zone.
5. There are 22 cities that are eligible as both a Transportation Zone and a City Metropolitan Zone, and the total of 31 cities that are eligible for a City Metropolitan Zone will continue to use them for housing projects.
6. Transportation Zone Business projects will average the same annual awards for eligible cities as the current City Metropolitan Zones, resulting in annual awards totaling \$16.5 million for the 22 cities in the Transportation Zones. The awards will be issued during the year that a zone is certified.
7. The extension of the deadline for counties to apply for an enterprise zone will not have a significant fiscal impact.
8. Currently City Metropolitan Zones represent approximately \$20.3 million in business (\$15.7 million) and housing (\$4.6 million) awards annually for 21 eligible cities. The Bill will qualify an additional 10 cities in the City Metropolitan Zones, and with 22 of the 31 eligible cities using the Transportation Zones, the net result will be nine cities using the City Metropolitan Zones for business projects.
9. Due to the time needed to establish new zones, approve projects, and begin operations, the first project awards would not be exercised until FY 2008.
10. The average award for an enterprise zone business project is \$1.4 million and 89.0% of that amount is for Investment Tax Credits and is to be amortized over five-years.

11. The average cost of an enterprise zone housing project award is \$183,000.
12. A project does not take place in every enterprise zone.
13. All awards will be exercised.
14. No specific project was used in the estimate.

Fiscal Impact

Senate File 2183, as Amended by S-5135, is estimated to reduce State General Fund revenue as follows:

- \$17.5 million in FY 2008
- \$21.6 million in FY 2009
- \$25.8 million in FY 2010
- \$29.9 million in FY 2011
- \$29.9 million in FY 2012

Insufficient information is available to determine if any specific project would have a fiscal impact in FY 2007. In order for a project to have fiscal impact on FY 2007, a zone would have to be applied for, certified by the DED, the eligible business would have to have the project approved, begin construction, and apply for and receive a sales and use tax refund during FY 2007.

The fiscal impact does not include an adjustment for "indirect" impacts on State or local revenue. Both positive and negative indirect impacts are possible. Positive indirect impacts may include employees expending salary dollars within the State and growth in other businesses created and expanded to meet the needs of the new business. Negative indirect impacts may include the effect of the new business on other Iowa businesses when competing for labor, capital, and sales, as well as the additional demand for schools, roads, police and fire protection, and other government services that necessarily result from higher levels of employment and population.

Source

Department of Economic Development

/s/ Holly M. Lyons

April 3, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2183 - Distribution Center Enterprise Zone (LSB 6466 SV.4)
Analyst: Ron Robinson (Phone: [515] 281-6256) (ron.robinson@legis.state.ia.us)
Fiscal Note Version – As Amended by H-8544 to S-5135

Description

Amendment H-8544 to S-5135 (House amendment) to SF 2183, as passed by the Senate, makes changes that will limit the enterprise zone expansions contained in the Bill as amended and passed by the House. Amendment H-8544 changes the limit on awards and adds a “blighted” requirement for the new Transportation Zones as defined by Section 403.17, Code of Iowa.

The limit on awards was based upon the year a zone was certified. Amendment H-8544 changes the limit to \$25.0 million, based upon the fiscal year the award is applied for by an eligible business located in all Transportation Zones in each FY 2008, FY 2009, and FY 2010.

Assumptions

The areas eliminated with the addition of the “blighted” requirement are unknown.

Fiscal Impact

Amendment S-5135 to Senate File 2183, is estimated to reduce State General Fund revenue as follows:

- \$17.5 million in FY 2008
- \$21.6 million in FY 2009
- \$25.8 million in FY 2010
- \$29.9 million in FY 2011
- \$29.9 million in FY 2012

Since the areas eliminated with the addition of the “blighted” requirement are unknown, Amendment H-8544 to S-5135 will have an unknown fiscal impact. However, the requirement would decrease the number of projects that are eligible for awards and lessen the reduction in State General Fund revenue.

Insufficient information is available to determine if any specific project would have a fiscal impact in FY 2007. In order for a project to have a fiscal impact in FY 2007, a zone would have to be applied for, certified by the DED, the eligible business would have to have the project approved, begin construction, and apply for and receive a sales and use tax refund during FY 2007.

The fiscal impact does not include an adjustment for “indirect” impacts on State or local revenue. Both positive and negative indirect impacts are possible. Positive indirect impacts may include employees expending salary dollars within the State and growth in other businesses created and expanded to meet the needs of the new business. Negative indirect impacts may include the effect of the new business on other Iowa businesses when competing for labor, capital, and sales, as well as the additional demand for schools, roads, police and fire protection, and other government services that necessarily result from higher levels of employment and population.

Source

Department of Economic Development

/s/ Holly M. Lyons

April 17, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

**SENATE AMENMENT TO HOUSE AMENDMENT TO
SENATE FILE 2183**

H-8544

1 Amend the House amendment, S-5135, to Senate File
2 2183, as passed by the Senate, as follows:
3 1. Page 2, line 6, by striking the word "year"
4 and inserting the following: "period".
5 2. Page 2, by striking lines 11 and 12 and
6 inserting the following: "be awarded to eligible
7 businesses applying to an enterprise zone commission
8 for incentives and assistance during that fiscal year
9 that are located in an enterprise zone certified
10 pursuant to this".
11 3. Page 3, line 29, by inserting after the word
12 "area" the following: "is a blighted area as defined
13 in section 403.17 and the area".

RECEIVED FROM THE SENATE

H-8544 FILED APRIL 13, 2006

SENATE FILE 2183

AN ACT

RELATING TO THE CERTIFICATION OF ENTERPRISE ZONES AND
INCENTIVES AND ASSISTANCE UNDER THE ENTERPRISE ZONE
PROGRAM AND INCLUDING EFFECTIVE DATE AND RETROACTIVE
APPLICABILITY PROVISIONS.

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

Section 1. Section 15E.192, subsection 2, Code Supplement
2005, is amended to read as follows:

2. A city ~~with a population of twenty-four-thousand-or
more which includes at least three census tracts with at least
fifty percent of the population in each census tract located
in the city~~, as shown by the 2000 certified federal census,
may create an economic development enterprise zone as
authorized in this division, subject to certification by the
department of economic development, by designating one or more
contiguous census tracts, as determined in the most recent
federal census, or designating other geographic units approved

by the department of economic development for that purpose.
If there is an area in the city which meets the requirements
for eligibility for an urban or rural enterprise community
under Title XIII of the federal Omnibus Budget Reconciliation
Act of 1993, such area shall be designated by the state as an
economic development enterprise zone. The area meeting the
requirements for eligibility for an urban or rural enterprise
community shall not be included for the purpose of determining
the area limitation pursuant to subsection 3. In creating an
enterprise zone, a city ~~with a population of twenty-four
thousand-or-more which includes at least three census tracts
with at least fifty percent of the population in each census
tract located in the city~~, as shown by the 2000 certified
federal census, may designate as part of the area tracts or
approved geographic units located in a contiguous city if such
tracts or approved geographic units meet the criteria and the
city agrees to being included. The city may establish more
than one enterprise zone. Reference in this division to
"city" means a city ~~with a population of twenty-four-thousand
or-more which includes at least three census tracts with at
least fifty percent of the population in each census tract
located in the city~~, as shown by the 2000 certified federal
census.

Sec. 2. Section 15E.192, Code Supplement 2005, is amended
by adding the following new subsection:

NEW SUBSECTION. 2A. A city may create an economic
development enterprise zone as authorized in this division,
subject to certification by the department of economic
development, by designating up to four square miles of the
city for that purpose. In order for an enterprise zone to be
certified pursuant to this subsection, an enterprise zone
shall meet the distress criteria provided in section 15E.194,
subsection 2A. Section 15E.194, subsection 2, shall not apply
to an enterprise zone certified pursuant to this subsection.
For the fiscal period beginning July 1, 2007, and ending June

30, 2010, each fiscal year a cumulative total of not more than twenty-five million dollars worth of incentives and assistance under section 15E.196, subsections 1, 2, 3, 4, and 6, shall be awarded to eligible businesses applying to an enterprise zone commission for incentives and assistance during that fiscal year that are located in an enterprise zone certified pursuant to this subsection. For purposes of this subsection and section 15E.194, subsection 2A, "city" means a city that includes at least three census tracts, as determined in the most recent federal census.

Sec. 3. Section 15E.192, subsection 3, paragraph b, Code Supplement 2005, is amended to read as follows:

b. A county or city may apply to the department for an area to be certified as an enterprise zone at any time prior to ~~March 17, 2006~~ July 1, 2010. However, the total amount of land designated as enterprise zones under ~~subsections 1 and 2~~ subsection 1, and any other enterprise zones certified by the department, excluding those approved pursuant to subsection 2 and section 15E.194, ~~subsection subsections 2A and 4~~, shall not exceed in the aggregate one percent of the total county area.

Sec. 4. Section 15E.192, subsection 4, Code Supplement 2005, is amended to read as follows:

4. An enterprise zone designation shall remain in effect for ten years following the date of certification. Prior to the expiration of an enterprise zone designation, a city or county meeting the distress criteria in section 15E.194 may apply for a one-time ten-year extension of the designation. In applying for a one-time ten-year extension of an enterprise zone designation, a city or county may redefine the boundaries of the enterprise zone provided that the redefined enterprise zone meets the applicable distress criteria provided in section 15E.194. Prior to the expiration of an enterprise zone designation, a city or county that is not eligible to designate an enterprise zone but previously designated the

enterprise zone pursuant to section 15E.194, Code Supplement 1997, may apply for a one-time extension of the enterprise zone designation to one year following the complete publication of the 2010 federal census. In applying for a one-time extension of the enterprise zone designation, the city or county may redefine the boundaries of the enterprise zone provided that the redefined enterprise zone meets the distress criteria provided in section 15E.194, Code Supplement 1997. The department shall designate by rule the specific date of one year following the complete publication of the 2010 federal census. Any state or local incentives or assistance that may be conferred must be conferred before the designation expires. However, the benefits of the incentive or assistance may continue beyond the expiration.

Sec. 5. Section 15E.193B, subsection 1, Code Supplement 2005, is amended to read as follows:

1. A housing business qualifying under this section is eligible to receive incentives and assistance only as provided in this section. An eligible housing business shall not receive incentives or assistance for a home or multiple dwelling unit built or rehabilitated in an enterprise zone designated pursuant to section 15E.194, subsection 2A or 4. Sections 15E.193 and 15E.196 do not apply to an eligible housing business qualifying under this section.

Sec. 6. Section 15E.194, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. A city may designate an area of up to four square miles to be an enterprise zone if the area is a blighted area as defined in section 403.17 and the area includes or is located within four miles of at least three of the following:

- a. A commercial service airport.
- b. A barge terminal or a navigable waterway.
- c. Entry to a rail line.

d. Entry to an interstate highway.

e. Entry to a commercial and industrial highway network as identified pursuant to section 313.2A.

An eligible housing business under section 15E.193B shall not receive incentives or assistance for a home or multiple dwelling unit built or rehabilitated in an enterprise zone designated pursuant to this subsection.

Sec. 7. Section 15E.194, subsection 3, Code 2005, is amended to read as follows:

3. The department of economic development shall certify eligible enterprise zones that meet the requirements of subsection 1 upon request by the county, ~~or subsection 2 upon request by the city, or subsection 2A upon request by the city,~~ as applicable.

Sec. 8. Section 15E.195, subsection 2, Code 2005, is amended to read as follows:

2. ~~A city with a population of twenty-four thousand or more which includes at least three census tracts with at least fifty percent of the population in each census tract located in the city and~~ which designates an enterprise zone pursuant to section 15E.194, subsection 2 ~~or 2A,~~ and in which an eligible enterprise zone is certified shall establish an enterprise zone commission to review applications from qualified businesses located within or requesting to locate within an enterprise zone to receive incentives or assistance as provided in section 15E.196. The enterprise zone commission shall review applications from qualified housing businesses requesting to receive incentives or assistance as provided in section 15E.193B. The commission shall consist of nine members. Six of these members shall consist of one representative of an international labor organization, one member with economic development expertise chosen by the department of economic development, one representative of the city council, one member of the local community college board of directors, one member of the city planning and zoning

commission, and one representative of the local workforce development center. These six members shall select the remaining three members. If the enterprise zone consists of an area meeting the requirements for eligibility for an urban enterprise community under Title XIII of the federal Omnibus Budget Reconciliation Act of 1993, one of the remaining three members shall be a representative of that community. If a city contiguous to the city designating the enterprise zone is included in an enterprise zone, a representative of the contiguous city, chosen by the city council, shall be a member of the commission. A city in which an eligible enterprise zone is certified shall have only one enterprise zone commission. If a city has established an enterprise zone commission prior to July 1, 1998, the city may petition to the department of economic development to change the structure of the existing commission.

Sec. 9. REPORT. By December 31, 2006, the department of economic development shall submit a written report to the general assembly regarding the enterprise zone program and other programs administered by the department. The report shall include an analysis of the impact the enterprise zone program has on the state's economy and the economy of the cities and counties where enterprise zones are and have been located, how the enterprise zone program integrates with other programs administered by the department, whether other programs administered by the department are used to focus assistance on economically distressed areas of the state, and any changes to the enterprise zone program or any other programs administered by the department necessary to better serve the needs of the economically distressed areas of the state.

Sec. 10. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

1. The section of this Act amending section 15E.192, subsection 4, being deemed of immediate importance, takes effect upon enactment and applies retroactively to May 14, 1997.

2. The remaining sections of this Act, being deemed of immediate importance, take effect upon enactment and apply retroactively to March 1, 2006.

JEFFREY M. LAMBERTI
President of the Senate

CHRISTOPHER C. RANTS
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2183, Eighty-first General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved _____, 2006

THOMAS J. VILSACK
Governor