ENTERPRISE ZONE BENEFITS FOR BUSINESSES

BACKGROUND

On July 1, 1997, the State of Iowa approved legislation allowing eligible cities and counties to create enterprise zones within their jurisdictions. The intent of the Enterprise Zone Act is to promote new economic development in economically distressed areas by encouraging communities to target resources in ways that attract productive private investment. In addition, enterprise zones are expected to foster job creation, enhance property values, promote industrial revitalization and increase the tax base of the community.

The Council Bluffs City Council established an enterprise zone with the adoption of Resolution No. 97-201 on July 28, 1997. This resolution also established an Enterprise Zone Commission as required by the legislation. Subsequent to the initial adoption, the enterprise zone has been amended several times. The first amendment was by Resolution No. 97-234 adopted on August 25, 1997. This resolution authorized the use of property tax exemption for eligible businesses. On January 25, 1999, the City Council adopted Resolution No. 99-23 which amended the boundaries of the enterprise zone area to reflect the eligibility of housing projects. Finally, the City Council adopted Resolution No. 02-117 on April 22, 2002, which granted property tax exemption to eligible multi family projects.

ENTERPRISE ZONE AREA

The area designated by the City of Council Bluffs as an enterprise zone is 7.2 square miles and includes census tracts 306.1, 306.2, 307, 308, 309 and 313 and census tract block groups 302 – 2, 303 – 1, 310 -3 and 310 – 5. These census tracts and block groups, as an aggregate meet the distressed criteria based on the 1990 census statistics. The current Enterprise Zone includes the Central Business District, the Mid-City Railroad Corridor, the INRIP Industrial Park, the Tract II Industrial Park and other established industrial areas. This area is roughly bounded by Big Lake Road and Interstate 29 on the north, North 8th Street, Bluffs Street, High Street and Highway 192 on the east, Highway 92/275 and Interstate 80 on the south and the Missouri River, 25th Street and 21st Street on the west. The attached map illustrates the boundaries of the enterprise zone areas. *(need link)*

BUSINESS ELIGIBILITY AND INCENTIVES

Two types of business incentives are available to eligible businesses located within enterprise zones. These include incentives for business expansion and developer business projects. The eligibility and tax benefits are outlined in the following.

a. Business Expansions

Eligibility Requirements

Business and industry can qualify for enterprise zone benefits, if the business meets the following requirements:

- Make a capital investment of at least $500,000.
- Create at least 10 full-time jobs and retain them for 10 years.
- Pay at least 80% of employees' medical and dental insurance or provide a monetary equivalent as approved by the Iowa Department of Economic Development.
- Pay employees an average wage as determined by the Iowa Department of Economic Development.
- Is not a retail business.
- The business can not close or reduce its operations in one area of the state and relocate substantially the same operation in the enterprise zone.
- The Enterprise Zone Commission, City Council and the Iowa Department of Economic Development must approve the businesses proposed project prior to project initiation.
- The project complies with local enterprise zone requirements and application procedures.

Business Expansion Incentives

A business located within the enterprise zone which meets the above listed eligibility criteria can utilize the following incentives and assistance:

- A local property tax exemption (100% for three years) on the value added to the property.
- Additional funding for training new employees. If applicable, these funds would be in addition to those authorized under the Iowa New Jobs Training Program.
- A refund of state sales, service, and use taxes paid to contractors or subcontractors during construction.
- An investment tax credit of up to a maximum of 10% of the new investment in machinery and equipment, land, buildings and improvements to existing buildings. This Iowa tax credit may be carried forward for up to seven years or until depleted.
- An additional research and development credit of up to 6.5%, which may be refundable. This Iowa tax credit is based on increasing research activities within the state and is available while the business is participating in the program for up to 10 years.

b. Developer Business Projects

Eligibility Requirements

Certain business development projects which meet the following requirements can qualify for enterprise zone benefits:

- The developer or development contractor must construct, expand, or rehabilitate a building space to be used for manufacturing, processing, cold storage, distribution, or office facilities within an enterprise zone. The building space cannot be occupied by a retail business.
- The developer or development contractor must make a minimum capital investment of $500,000.
- Prior to applying for benefits, the developer or development contractor must enter into a lease agreement for a minimum of five years with a business that meets certain requirements, such as job creation, wage levels, employee benefits, etc.
- The Enterprise Zone Commission, City Council and the Iowa Department of Economic Development must approve the businesses proposed project prior to project initiation.
- The project complies with local enterprise zone requirements and application procedures.

Developer Business Project Incentives

A developer project located within the enterprise zone which meets the above listed eligibility criteria can utilize the following incentives and assistance:

- The developer may receive a local property tax exemption (100% for three years) on the value added to the property.
- The developer may receive a refund of state sales, service, or use taxes paid on construction materials and on utilities used during construction.
- The developer may receive an investment tax credit of up to a maximum of 10% of the new investment. "New investment" includes the purchase price of land and the cost of improvements to real property. This Iowa tax credit may be carried forward for up to seven years or until depleted.

LOCAL ENTERPRISE ZONE REQUIREMENTS

In addition to the legislative requirements for enterprise zone benefits, the City may adopt additional requirements. Current local requirements include:

- The application must be consistent with all City codes and ordinances.
- Upon completion, the project must be maintained to ensure compliance with all City codes and ordinances.

- All projects must be served with adequate infrastructure. This shall include public water, sanitary sewer, paved streets, curb and gutter and storm sewer facilities.
- Annual project recertification required by the Iowa Department of Economic Development shall be submitted to the City for review and comment.

APPLICATION AND REVIEW PROCEDURE

Interested businesses and developers must complete the enterprise zone application forms prepared by the Iowa Department of Economic Development. The application shall be submitted with all required attachments.

Review Process

The following procedures shall be utilized in reviewing applications for enterprise zone incentives:

- The applicant requests a conference with the Community Development Department.
- The Community Development Department reviews and explains the application process to the applicant.
- The applicant fills out all necessary application forms and attachments required by the Iowa Department of Economic Development and submits them to the Community Development Department.
- The Community Development Department shall review the application materials for completeness. If there are deficiencies, the Department will notify the applicant accordingly. The application will not be processed until completed.
- The Department shall review the application for conformance with the State Enterprise Zone Act; the City's adopted enterprise zone guidelines and all other applicable City codes and ordinances.
- Upon review of the application, the Community Development Department will prepare a recommendation and schedule the application for consideration by the Enterprise Zone Commission.
- The Enterprise Zone Commission will review the application to ensure that all requirements are met. This review is completed at a meeting open the public and the applicant should be present to answer any questions which may arise. Once a finding is made by the Enterprise Zone Commission that the application complies with all requirements, the Commission will forward the application to the City Council along with their recommendation.
- The application will then be scheduled for review at the next available City Council meeting. City Council approval shall be by resolution.

- Upon City Council approval, the application will be forwarded to the Iowa Department of Economic Development.

COMPLIANCE WITH IOWA OPEN MEETINGS LAW

All business conducted by the Enterprise Zone Commission shall be in compliance with the Iowa Open Meetings Law, Notification of Enterprise Zone Commission meetings and agendas shall be published and posted in conformance with Chapter 21 of the Iowa Code.

ANNUAL REVIEW

All projects shall be inspected annually by the City to ensure compliance with local enterprise zone requirements. Property owners will be provided a written notice of any deficiencies and will be given an appropriate period to correct. Failure to correct any deficiencies will result in a notification to the Iowa Department of Economic Development that the project is in violation of the local requirements, along with a recommendation to suspend or further deny benefits.