

City Council Communication 97-571

December 8, 1997 Agenda

Subject:

Agribusiness Enterprise Zone

Amendment

Submitted by:

James Grant

Community Development Director

Synopsis —

A resolution to submit an application to the Iowa Department of Economic Development (IDED) to certify an amendment to the Agribusiness Enterprise Zone.

Fiscal Impact —

N/A

Recommendation —

Authorize the City Manager or his designee to submit the application and to provide the necessary follow-up assistance to pursue certification of the amended Agribusiness Enterprise Zone.

Background —

In July 1997, the City Council submitted an application to IDED for certification of the Agribusiness Enterprise Zone. This area is generally bounded by Dean Avenue to the north, the Des Moines River to the south, SE 43rd Street (City limits) to the east, and SE 14th Street to the west. On August 21, 1997, the IDED Board of Directors certified 3,251 acres as the Agribusiness Enterprise Zone.

On October 14, 1997, the City Council of Pleasant Hill passed Resolution No. 217-97 that formally requests the City of Des Moines amend its Agribusiness Enterprise Zone by adding 13 acres located east of SE 43rd Street and north of Vandalia Road. On November 11, 1997, by Resolution 252-97, the City Council of Pleasant Hill declared this area to be blighted. This land was owned by Townsend Industries, which manufactures clear acrylic tubing used in agriculture, medicine and other industries. Uniroyal recently acquired Townsend and is considering consolidating its operations. The City of Pleasant Hill would like to use State enterprise zone tax incentives to retain and expand this industry and consequently create 25-30 new jobs.

The Enterprise Zone Act (House File 724) provides that a city may designate as part of its enterprise zone tracts of land or approved geographic units which are located in a contiguous city if the land meets the eligibility criteria established by the Act and if the contiguous city agrees to include the land in the enterprise zone. The City of Pleasant Hill has submitted to the City of Des Moines Economic Development Division the appropriate executed application forms and supportive documentation to substantiate its eligibility for inclusion in the Agribusiness Enterprise Zone.

The Act further provides that only one percent of Polk County can be certified as enterprise zones, excluding federally-recognized areas. According to IDED, 3,786 acres may be certified in Polk County. If the 13 acres in Pleasant Hill are added to the Agribusiness Enterprise Zone, 3,264 acres will be certified or .86 percent of Polk County. An additional 522 acres may be certified as enterprise zones provided that an application is submitted to IDED by July 1, 2000.

The Agribusiness Enterprise Zone designation is effective for 10 years after the date of State certification until August 20, 2007 under existing law. Although incentives must be conferred prior to the end of the 10-year period, the benefits provided may extend beyond this timeframe.

In the future, an Enterprise Zone Commission must be established and a tax abatement schedule developed for the Agribusiness Enterprise Zone as well the Enterprise Community Zone located north of I-235 and west of the Des Moines River. Concerns have been expressed about the Enterprise Zone enabling legislation as enacted last year, and the City of Des Moines is working to identify appropriate changes in the law.