



Council Communication

Office of the City Manager

Date	October 22, 2007
-------------	------------------

Agenda Item No.	31
Roll Call No.	<u>07-</u>
Communication No.	<u>07-621</u>
Submitted by: Matthew A. Anderson, Economic Development Administrator	

AGENDA HEADING:

Resolution of the Des Moines City Council Petitioning the Iowa Department of Economic Development for Re-Certification of the Des Moines Agribusiness Enterprise Zone (formerly EZ-1).

SYNOPSIS:

City Council is requested to petition the Iowa Department of Economic Development to re-certify the Des Moines Agribusiness Enterprise Zone for another 10 years. This zone expired in August 2007 and needs to be re-certified because the original qualifying eligibility criteria no longer apply. The area proposed for re-certification is bounded generally by Dean Avenue on the north, SE 43rd Street on the east and the Des Moines River on the south and west and includes the Agrimerger Technology Park. The Enterprise Zone Program provides financial incentives in the form of State corporate income tax credits, sales and service tax rebates and other benefits to attract new residential, commercial and industrial investment in distressed areas. The application for enterprise zone certification is attached.

FISCAL IMPACT: NONE

Amount: N/A

Funding Source: N/A

ADDITIONAL INFORMATION:

The Iowa Department of Economic Development first certified the Des Moines Agribusiness Enterprise Zone on August 21, 1997. The zone had a 10-year life span, which expired on August 21, 2007. The State Enterprise Zone Program provides up to a 10% corporate income tax credit on the qualifying investment, a 100% refund of State sales, service and use taxes paid to contractors during construction, a 3% job training tax credit and a 13% research activities credit. These important benefits are used to fill financial gaps and enable projects to move forward.

Portions of the expired Agribusiness Enterprise Zone no longer meet the eligibility criteria under which the zone was first certified, namely per capita income, family poverty level and housing vacancy rates as reported in the 2000 U.S. Census. Therefore, the zone could not simply be extended for another 10 years. A new application for re-certification must provide documentation that the zone meets alternate eligibility distress criteria.

That portion of the enterprise zone that no longer meets the prior eligibility criteria includes the Agrimerger Technology Park. Because it is critical to continue to offer economic incentives for commercial and industrial investment in this part of the zone, staff has analyzed the property valuations

of each class of property in the area to prove eligibility under another qualifying criteria. Documentation shows that area valuations are 75% or less than the citywide average valuation for each class of property based on the most recent property tax valuations.

PREVIOUS COUNCIL ACTION(S):

Date: July 1, 1997

Roll Call Number: 97-2586

Action: Application to State of Iowa, for Enterprise Zone Certifications for proposed Agribusiness Enterprise Zone and for Enterprise Community Enterprise Zone. (Council Communication No. 97-387). Moved by Phillips to approve. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

If the zone is re-certified, individual applications for enterprise zone benefits are anticipated from businesses and residential developers, including the Vision Fuels' application and the YMCA's application for a proposed housing development on Dean Avenue.