Senate File 454 - Introduced

SENATE FILE ______
BY McKINLEY

Passed Senate, Date ____________ Passed House, Date ____________
Vote: Ayes ______ Nays _______ Vote: Ayes ______ Nays ________
Approved ____________________________

A BILL FOR

An Act providing for a new jobs tax credit and including an effective and applicability date provision.
BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
TLSB 2452XS 83
tw/sc:mg/24

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Section 1. NEW SECTION. 422.11X NEW JOBS TAX CREDIT.

1. a. The taxes imposed under this division, less the credits allowed under section 422.12, shall be reduced by a new jobs tax credit in an amount equal to fifty percent of the amount of wages paid in a tax year for each new job created.

b. The amount of the credit that may be claimed by a taxpayer is computed on the greater of the following:

(1) The first fifty jobs created by the employer.

(2) A five percent expansion of the employer's current workforce.

2. To be eligible for the tax credit, an employer shall not be an applicant for or a recipient of financial assistance from the department of economic development or a recipient of moneys under the federal American Recovery and Reinvestment Act of 2009, Pub. L. No. 111=5.

3. A job must meet the following conditions to qualify for the new jobs tax credit:

a. The job is a permanent full=time equivalent position that did not exist in the business within the previous six months in the state.

b. The job is filled by a new employee for at least twelve months.

c. The job shall be filled by a resident of the state.

d. The job was not created as a result of a change in ownership or as a result of a consolidation, merger, or restructuring of a business entity if the job does not represent a new job in the state.

e. The job shall not have been previously filled by the same employee in the state.

f. The job was not relocated from another location in the state.

g. The job pays at least one hundred percent of the lower of the average county or average regional wage, excluding benefits, as calculated by the department of revenue based on data from the wage and employment information from the quarterly covered wage and employment data report issued by the department of workforce development.

h. The job is created on or after the effective date of this Act but before June 30, 2011.

4. a. A new jobs tax credit may only be claimed once for each qualifying new job.

b. A taxpayer is entitled to claim the tax credit upon the end of the twelfth month of the job having been filled. However, if the job is eliminated within twelve months from the date the taxpayer is entitled to claim the tax credit, the taxpayer is subject to repayment of the amount of the tax credit received.

5. An individual may claim a tax credit under this section of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S

corporation, estate, or trust.

6. a. Any tax credit in excess of the taxpayer's liability for the tax year is not refundable, but the taxpayer may elect to have the excess credited to the tax liability for the following five years or until depleted, whichever is earlier.

b. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer first receives the tax credit.

7. A taxpayer eligible for the tax credit shall include with the taxpayer's return information relating to each new job created during the tax year and shall include information establishing the total amount of wages paid for those jobs during the tax year pursuant to rules of the department.

8. The tax credit authorized in this section is in lieu of the new jobs tax credits authorized in sections 422.11A and 422.33, subsection 6.

9. This section is repealed June 30, 2017. This repeal does not affect the ability to carry forward tax credits pursuant to subsection 6.

Sec. 2. Section 422.33, Code 2009, is amended by adding the following new subsection:

NEW SUBSECTION. 27. The taxes imposed under this division shall be reduced by a new jobs tax credit in the same manner, for the same amount, and under the same conditions as provided in section 422.11X.

Sec. 3. Section 422.60, Code 2009, is amended by adding the following new subsection:

NEW SUBSECTION. 15. The taxes imposed under this division shall be reduced by a new jobs tax credit in the same manner, for the same amount, and under the same conditions as provided in section 422.11X.

Sec. 4. NEW SECTION. 432.12M NEW JOBS TAX CREDIT.

The taxes imposed under this chapter shall be reduced by a new jobs tax credit in the same manner, for the same amount, and under the same conditions as provided in section 422.11X.

Sec. 5. Section 533.329, subsection 2, Code 2009, is amended by adding the following new paragraph:

NEW PARAGRAPH. n. The moneys and credits tax imposed under this section shall be reduced by a new jobs tax credit in the same manner, for the same amount, and under the same conditions as provided in section 422.11X.

Sec. 6. EFFECTIVE AND APPLICABILITY DATE. This Act, being deemed of immediate importance, takes effect upon enactment and applies to new jobs created on or after that date.

EXPLANATION

This bill provides a tax credit to employers in an amount equal to 50 percent of the wages paid for new jobs created in the next two years. The amount of the tax credit is computed on 50 new jobs or a 5 percent expansion of the workforce, whichever is greater.

To be eligible for the tax credit, an employer must not be an applicant for or a recipient of financial assistance from the department of economic development or a recipient of moneys from the federal American Recovery and Reinvestment Act of 2009.

A qualifying new job:

1. Must be a full=time equivalent position that did not exist in the business within the previous six months in the state.

2. Must be filled by a new employee for at least 12 months before the credit can be claimed.

3. Must be filled by a resident of the state.

4. Must not be created as a result of a change in ownership or as a result of a consolidation, merger, or restructuring of a business entity if the job does not represent a new job in the state.

5. Must not have been previously filled by the same employee in the state.

6. Must not have been relocated from another location in the state.

7. Must pay at least 100 percent of the lower of the average county or average regional wage, excluding benefits.

8. Must have been created on or after the effective date of the bill but before June 30, 2011.

The tax credit is available against the individual and corporate income taxes, the franchise tax, the insurance companies tax, and the moneys and credits tax.

A tax credit may only be claimed once for each qualifying new job. A taxpayer is entitled to claim the credit upon the end of the twelfth month of the job having been filled.

However, if the job is eliminated within 12 months from the date the taxpayer is entitled to claim the credit, the taxpayer is subject to repayment of the amount of the tax credit received.

Any tax credit in excess of the taxpayer's liability for the tax year is not refundable, but the taxpayer may elect to have the excess credited to the tax liability for the following five years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer first receives the tax credit.

The tax credit is in lieu of the existing new jobs tax credit allowed against the individual and corporate income taxes.

The bill takes effect upon enactment and applies to new jobs created on or after that date.

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