

*Reprinted*  
FILED MAR 05 1992

SENATE FILE 2295  
BY COMMITTEE ON SMALL BUSINESS  
AND ECONOMIC DEVELOPMENT  
*Approved 2/25/92*  
(SUCCESSOR TO SSB 2243)

Passed Senate, Date 3/10/92 (p. 851) Passed House, Date 3/31/92 (p. 952)  
Vote: Ayes 46 Nays 0 Vote: Ayes 94 Nays 0  
Approved April 9, 1992

A BILL FOR

1 An Act relating to the Iowa small business new jobs training  
2 program and the Iowa retraining program.

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

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*SF 2295*

1 Section 1. Section 280C.2, subsections 1, 2, 3, 5, 6, 7,  
2 12, and 13, Code 1991, are amended to read as follows:

3 1. "New-jobs Jobs training program" or "program" means the  
4 project or projects established by a community college for the  
5 creation of jobs by providing education and training of  
6 workers for new jobs for a new or expanding small business or  
7 for the retraining of workers of an existing business in-the  
8 merged-area-served-by-the-community-college.

9 2. "Project" means a training arrangement which is the  
10 subject of an agreement entered into between the community  
11 college and an-employer a business to provide program  
12 services.

13 3. "Program services" includes but is not limited to the  
14 following:

15 a. New jobs training.

16 b. Retraining of existing workers.

17 b c. Adult basic education and job-related instruction.

18 e d. Vocational and skill-assessment services and testing.

19 d e. Training facilities, equipment, materials, and  
20 supplies.

21 e f. On-the-job training.

22 f g. Administrative expenses for the new jobs training  
23 program.

24 g h. Subcontracted services with institutions governed by  
25 the state board of regents, private colleges or universities,  
26 or other federal, state, or local agencies.

27 h i. Contracted or professional services.

28 5. "Employer Participating business" means the small  
29 business providing new jobs or retraining jobs in-the-merged  
30 area-served-by-the-community-college and entering which enters  
31 into an agreement with the community college.

32 6. "Employee" means the person employed in a new job by a  
33 small business or a person currently employed by a business  
34 who is to be retrained.

35 7. "Agreement" is the agreement between an-employer a

1 business and a community college concerning a project.

2 12. "Date of commencement of the project" means the date  
3 of the preliminary agreement.

4 13. "~~Small~~ Eligible business" or "business" means a  
5 business engaged in interstate or intrastate commerce for the  
6 purpose of manufacturing, processing, or assembling products,  
7 conducting research and development, or providing services in  
8 interstate commerce, but excludes retail, health, or  
9 professional services and which meets the other criteria  
10 established by the Iowa department of economic development.  
11 "~~Small~~ Eligible business" does not include a business which  
12 closes or substantially reduces its operation in one area of  
13 the state of Iowa and relocates substantially the same  
14 operation in another area of the state of Iowa. This  
15 subsection does not prohibit a business from expanding its  
16 operations in another area of the state provided that existing  
17 operations of a similar nature are not closed or substantially  
18 reduced. "Small business" does not include a business whose  
19 training costs can be economically funded under chapter 280B.

20 "Eligible business" includes the following:

21 a. Retraining business which is currently conducting  
22 retooling of a production facility.

23 b. Small business which meets other criteria established  
24 by the department of economic development relating to business  
25 size.

26 Sec. 2. Section 280C.2, Code 1991, is amended by adding  
27 the following new subsections:

28 NEW SUBSECTION. 15. "Retraining job" means a job with an  
29 existing business that is substantially at risk of becoming  
30 displaced within the following ten years due to the retooling  
31 of the business.

32 NEW SUBSECTION. 16. "Retooling" means upgrading,  
33 modernizing, or expanding a business to increase the  
34 production or efficiency of business operations including, but  
35 not limited to, replacing equipment, introducing new

1 manufacturing processes, or changing managerial procedures.  
2 Sec. 3. Section 280C.3, Code 1991, is amended to read as  
3 follows:

4 280C.3 AGREEMENT.

5 A community college may enter into an agreement to  
6 establish a project. However, before a community college and  
7 a small business enter into an agreement to establish a  
8 project, the community college shall consult with the local  
9 office of the division of job service of the department of  
10 employment services to determine if there already exists in  
11 the community, a skilled or experienced group of unemployed  
12 workers, as a result of a plant closing or reduction in force,  
13 sufficiently large to supply the needs of the new or expanding  
14 small business. If such a supply of workers exists, the  
15 community college shall enter into the agreement only if the  
16 small business agrees to give preference in training to those  
17 workers over any other workers who do not have greater  
18 qualifications. If an agreement is entered into, the  
19 community college and the employer business shall notify the  
20 department of revenue and finance as soon as possible. An  
21 agreement may provide, but is not limited to:

22 1. Program costs, including deferred costs, for a project  
23 creating new jobs by providing education and training of  
24 workers for a new or expanding small business may be paid from  
25 one or a combination of the following sources:

26 a. Incremental property taxes to be received or derived  
27 from ~~an-employer's-business~~ the business' property where new  
28 jobs are created as a result of the project.

29 b. New jobs credit from withholding to be received or  
30 derived from new employment resulting from the project.

31 c. Tuition, student fees, or special charges fixed by the  
32 board of directors to defray program costs in whole or in  
33 part.

34 d. Guarantee of payments to be received under paragraph  
35 "a", "b", or "c".

1     2. Program costs, including deferred costs, for a project  
2 retraining workers of existing businesses, may be paid from  
3 one or a combination of the following sources:

4     a. Loan repayments provided by the business.

5     b. Tuition, student fees, or special charges fixed by the  
6 board of directors to defray program costs in whole or in  
7 part.

8     3. Payment of program costs shall not be deferred for a  
9 period longer than ten years from the date of commencement of  
10 the project.

11     4. Costs of on-the-job training shall not apply to  
12 retraining projects. Costs of on-the-job training for  
13 employees new jobs training projects shall not exceed fifty  
14 percent of the annual gross payroll costs for up to one year  
15 of the new jobs. For purposes of this subsection, "gross  
16 payroll" can be the gross wages, salaries, and benefits for  
17 the jobs in training in the project.

18     5. A provision, where applicable, which fixes the  
19 minimum amount of incremental property taxes, new jobs credit  
20 from withholding, or tuition and fee payments which shall be  
21 paid for program costs.

22     6. Any payments required to be made by an-employer a  
23 business are a lien upon the employer's-business business'  
24 property until paid and have equal precedence with ordinary  
25 taxes and shall not be divested by a judicial sale. Property  
26 subject to the lien may be sold for sums due and delinquent at  
27 a tax sale, with the same forfeitures, penalties, and  
28 consequences as for the nonpayment of ordinary taxes. The  
29 purchaser at tax sale obtains the property subject to the  
30 remaining payments.

31     Sec. 4. Section 280C.3, Code 1991, is amended by adding  
32 the following new subsections:

33     NEW SUBSECTION. 7. Provisions relating to the type of  
34 financial assistance being provided which may be in the form  
35 of grants, loans, forgivable loans, or a combination of grants

1 and loans according to guidelines adopted by the department of  
2 economic development. However, the amount of financial  
3 assistance provided for a project under this chapter shall not  
4 exceed fifty thousand dollars. Financial assistance for a new  
5 jobs project shall be limited to loans. Financial assistance  
6 for a retraining project shall not include a grant or  
7 forgivable loan unless the result of the retooling creates, at  
8 the business production site subject to the retooling, a net  
9 increase in the number of employment positions, a net increase  
10 in the quality of the employment positions held by  
11 participating workers, or a net increase in wages paid to  
12 participating workers. The financial assistance provided to a  
13 participating business must be based on the actual cost of  
14 training or retraining participating workers under the  
15 project.

16 NEW SUBSECTION. 8. Before a community college and a  
17 business enter into an agreement to establish a project, the  
18 community college shall consult with the local office of the  
19 division of job service of the department of employment  
20 services to determine if there already exists in the  
21 community, a skilled or experienced group of unemployed  
22 workers, as a result of a plant closing or reduction in force,  
23 sufficiently large to supply the needs of the new or expanding  
24 business. If such a supply of workers exists, the community  
25 college shall enter into the agreement only if the business  
26 agrees to give preference in hiring for new jobs to those  
27 workers over any other workers who do not have greater  
28 qualifications.

29 Sec. 5. Section 280C.4, Code 1991, is amended to read as  
30 follows:

31 280C.4 INCREMENTAL PROPERTY TAXES.

32 If an agreement provides that all or part of program costs  
33 are to be paid for by incremental property taxes, the board of  
34 directors shall provide by resolution that taxes levied on the  
35 employer's taxable business property, where new jobs are

1 created as a result of a project, each year by or for the  
2 benefit of the state, city, county, school district, or other  
3 taxing district after the effective date of the resolution  
4 shall be divided as provided in section 403.19, subsections 1  
5 and 2, in the same manner as if the employer's-business  
6 business' property, where new jobs are created as a result of  
7 a project, was taxable property in an urban renewal project  
8 and the resolution was an ordinance within the meaning of  
9 those subsections. To the extent that the taxes received by  
10 the board of directors represent repayments of an advance made  
11 under section 280C.6 plus interest, the taxes shall be paid to  
12 the treasurer of state. However, with respect to any urban  
13 renewal project as to which an ordinance is in effect under  
14 section 403.19, the collection of incremental property taxes  
15 authorized by this chapter are suspended in favor of  
16 collection of incremental taxes under section 403.19. As used  
17 in this section, "taxes" includes, but is not limited to, all  
18 levies on an ad valorem basis upon land or real property of  
19 the employer's business, where new jobs are created as a  
20 result of a project.

21 Sec. 6. Section 280C.5, Code 1991, is amended to read as  
22 follows:

23 280C.5 NEW JOBS CREDIT FROM WITHHOLDING.

24 If an agreement provides that all or part of program costs  
25 are to be met by receipt of new jobs credit from withholding,  
26 it shall be done as follows:

27 1. New jobs credit from withholding shall be based upon  
28 the wages paid to the employees in the new jobs.

29 2. An amount equal to one and one-half percent of the  
30 gross wages paid by the employer business to each employee  
31 participating in a project shall be credited from the payment  
32 made by an-employer a business pursuant to section 422.16. If  
33 the amount of the withholding by the employer business is less  
34 than one and one-half percent of the gross wages paid to the  
35 employees covered by the agreement, then the employer business

1 shall receive a credit against other withholding taxes due by  
2 the employer business. The employer business shall remit the  
3 amount of the credit quarterly in the same manner as  
4 withholding payments are reported to the department of revenue  
5 and finance, to the community college. To the extent this  
6 credit represents repayments of an advance made under section  
7 280C.6 plus interest, it shall be paid to the treasurer of  
8 state. When the repayments of an advance plus interest have  
9 been paid, the employer business credits shall cease and any  
10 money received after this shall be remitted to the treasurer  
11 of state to be deposited in the general fund of the state.

12 3. The employer business shall certify to the department  
13 of revenue and finance that the credit in withholding is in  
14 accordance with an agreement and shall provide other  
15 information the department may require.

16 4. A community college shall certify to the department of  
17 revenue and finance the amount of new jobs credit from  
18 withholding an-employer a business has remitted to the  
19 community college and shall provide other information the  
20 department may require.

21 5. An employee participating in a project will receive  
22 full credit for the amount withheld as provided in section  
23 422.16.

24 Sec. 7. Section 280C.6, Code Supplement 1991, is amended  
25 to read as follows:

26 280C.6 JOB TRAINING FUND.

27 1. There is established for the community colleges a  
28 community college job training fund under the supervision of  
29 the treasurer of state. The community college job training  
30 fund consists of moneys appropriated for the fiscal year  
31 beginning July 1, 1987, and for succeeding fiscal years for  
32 the purposes of this chapter plus the interest and principal  
33 from repayment of advances made to employers businesses for  
34 program costs, moneys transferred from the Iowa employment  
35 retraining fund to the community college job training fund on

1 July 1, 1992, plus the repayments, including interest, of  
2 loans made from that retraining fund, and interest earned from  
3 moneys in the community college job training fund. Moneys-in  
4 ~~this-fund-shall-be-used-to-provide-advances-to-employers-for~~  
5 ~~program-costs-upon-the-request-of-boards-of-directors-of-the~~  
6 ~~community-colleges.~~

7 2. To provide funds for the present payment of the costs  
8 of a new-jobs training program by the employer business, the  
9 community college may provide to the employer business an  
10 advance of the moneys to be used to pay for the program costs  
11 as provided in the agreement. To receive the funds for this  
12 advance from the job training fund established in subsection  
13 1, the community college shall submit an application to the  
14 department of economic development. The amount of the advance  
15 shall not exceed fifty thousand dollars for any project. The  
16 advance, if the agreement provides it as a loan, shall be  
17 repaid with interest from the sources provided in the  
18 agreement. The rate of interest to be charged for advances  
19 made in a calendar month is equal to one-half of the average  
20 rate of interest on tax exempt certificates issued by  
21 community colleges pursuant to chapter 280B for the previous  
22 twelve months. The rate shall be computed by the Iowa  
23 department of economic development.

24 Sec. 8. Section 280C.7, Code 1991, is amended to read as  
25 follows:

26 280C.7 DEPARTMENT OF ECONOMIC DEVELOPMENT TO COORDINATE.

27 The Iowa department of economic development in consultation  
28 with the department of education and the division of job  
29 service of the department of employment services shall  
30 coordinate the new jobs training program. The department of  
31 economic development shall ~~adopt, amend, and repeat~~ rules  
32 under pursuant to chapter 17A that the community college will  
33 use in developing projects with new and expanding small  
34 business new jobs training proposals or existing business  
35 retraining proposals. The department shall establish by rule

1 criteria for determining what constitutes ~~a-small~~ an eligible  
2 business. A project shall not be funded under this chapter  
3 unless the department approves the project. The department  
4 shall establish by rule criteria for approval of projects.  
5 The department ~~is-authorized-to-make~~ may adopt any rule that  
6 ~~is-adopted,-amended,-or-repealed~~ effective immediately upon  
7 filing with the administrative rules coordinator or at a  
8 subsequent stated date prior to indexing and publication, or  
9 at a stated date less than thirty-five days after filing,  
10 indexing, and publication. The ~~Iowa~~ department of economic  
11 development shall prepare an annual report for the governor  
12 and general assembly on the activities and the future  
13 anticipated needs of this new jobs training program.

14 Sec. 9. NEW SECTION. 280C.8 ALLOCATION.

15 1. For the fiscal year beginning July 1, 1992, only, the  
16 department of economic development shall make funds available  
17 to the community colleges as follows:

18 a. RETRAINING PROJECTS. The department shall set aside at  
19 the beginning of the fiscal year from the moneys newly  
20 appropriated to the fund an amount for each merged area to be  
21 used to provide the financial assistance for retraining  
22 proposals of businesses located in the merged area whose  
23 applications have been approved by the department. The  
24 financial assistance shall be provided by the department from  
25 the amount set aside for that merged area. If any portion of  
26 the moneys set aside for a merged area have not been used or  
27 committed by March 1 of the fiscal year, that portion is  
28 available for use by the department to provide financial  
29 assistance to businesses located in other merged areas. The  
30 department shall adopt by rule a formula for this set-aside  
31 based on population and per capita income of the merged area.

32 b. NEW JOBS TRAINING PROJECTS. The department shall make  
33 available financial assistance for new jobs training projects  
34 from repayments and interest in the fund from previously  
35 funded new jobs training projects. Funds shall be awarded to

1 projects based on the order proposals are received and  
2 approved.

3 2. Moneys available to the community colleges for this  
4 program may be used to provide grants to train for new jobs or  
5 retain existing jobs when the project costs are less than five  
6 thousand dollars. If the project is for a consortium of  
7 businesses, project costs shall not exceed an average of five  
8 thousand dollars per business.

9 3. The department shall include with its budget request  
10 for the fiscal year beginning July 1, 1993, a preliminary  
11 recommendation for the allocation of moneys in the job  
12 training fund for the fiscal year beginning July 1, 1993, and  
13 succeeding fiscal years. The department shall seek input from  
14 representatives of the community colleges in preparing the  
15 recommendation.

16 Sec. 10. On the effective date of this Act, all moneys in  
17 the Iowa employment retraining fund created in the office of  
18 the treasurer are transferred to the community college job  
19 training fund and any repayments of loans made from moneys in  
20 the Iowa employment retraining fund received on or after July  
21 1, 1992, shall be credited to and deposited in the community  
22 college job training fund.

23 Sec. 11. Sections 15.292, 15.293, 15.294, 15.296, 15.297,  
24 and 15.298, Code 1991, are repealed.

25 Sec. 12. Sections 15.291 and 15.295, Code Supplement 1991,  
26 are repealed.

27

#### EXPLANATION

28 The bill combines the state job retraining program and the  
29 Iowa small business new jobs training program into one program  
30 to be funded by the existing community college job training  
31 fund. The bill limits new job training and retraining  
32 projects to \$50,000 each. Provision is made to allocate  
33 moneys appropriated for this program to the community colleges  
34 based upon the formula used by the department of education.  
35 If the moneys allocated are not used within the first eight

1 months of the fiscal year, the unused moneys are pooled and  
2 made available to other community colleges for the program.

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SENATE FILE 2295

S-5276

1 Amend Senate File 2295 as follows:  
 2 1. Page 3, by striking lines 6 through 19 and  
 3 inserting the following: "establish a project.  
 4 However, before a community college and a small  
 5 business enter into an agreement to establish a  
 6 project, the community college shall consult with the  
 7 local office of the division of job service of the  
 8 department of employment services to determine if  
 9 there already exists in the community, a skilled or  
 10 experienced group of unemployed workers, as a result  
 11 of a plant closing or reduction in force, sufficiently  
 12 large to supply the needs of the new or expanding  
 13 small business. If such a supply of workers exists,  
 14 the community college shall enter into the agreement  
 15 only if the small business agrees to give preference  
 16 in training to those workers over any other workers  
 17 who do not have greater qualifications. If an  
 18 agreement is entered into, the community college and  
 19 the employer business shall notify the".

By RICHARD RUNNING  
 JAMES R. RIORDAN  
 ALLEN BORLAUG

S-5276 FILED MARCH 17, 1992

*Adopted 3/18/92 (p. 851)*



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10 subject of an agreement entered into between the community  
11 college and an-employer a business to provide program  
12 services.

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14 following:

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20 supplies.

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25 the state board of regents, private colleges or universities,  
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30 area-served-by-the-community-college and entering which enters  
31 into an agreement with the community college.

32 6. "Employee" means the person employed in a new job by a  
33 small business or a person currently employed by a business  
34 who is to be retrained.

35 7. "Agreement" is the agreement between an-employer a

1 business and a community college concerning a project.

2 12. "Date of commencement of the project" means the date  
3 of the preliminary agreement.

4 13. "Small Eligible business" or "business" means a  
5 business engaged in interstate or intrastate commerce for the  
6 purpose of manufacturing, processing, or assembling products,  
7 conducting research and development, or providing services in  
8 interstate commerce, but excludes retail, health, or  
9 professional services and which meets the other criteria  
10 established by the Iowa department of economic development.  
11 "Small Eligible business" does not include a business which  
12 closes or substantially reduces its operation in one area of  
13 the state of Iowa and relocates substantially the same  
14 operation in another area of the state of Iowa. This  
15 subsection does not prohibit a business from expanding its  
16 operations in another area of the state provided that existing  
17 operations of a similar nature are not closed or substantially  
18 reduced. "Small business" does not include a business whose  
19 training costs can be economically funded under chapter 280B.

20 "Eligible business" includes the following:

21 a. Retraining business which is currently conducting  
22 retooling of a production facility.

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24 by the department of economic development relating to business  
25 size.

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27 the following new subsections:

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1 manufacturing processes, or changing managerial procedures.

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25 one or a combination of the following sources:

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28 jobs are created as a result of the project.

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30 derived from new employment resulting from the project.

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32 board of directors to defray program costs in whole or in  
33 part.

34 d. Guarantee of payments to be received under paragraph  
35 "a", "b", or "c".

1 2. Program costs, including deferred costs, for a project  
2 retraining workers of existing businesses, may be paid from  
3 one or a combination of the following sources:

4 a. Loan repayments provided by the business.

5 b. Tuition, student fees, or special charges fixed by the  
6 board of directors to defray program costs in whole or in  
7 part.

8 3. Payment of program costs shall not be deferred for a  
9 period longer than ten years from the date of commencement of  
10 the project.

11 4. Costs of on-the-job training shall not apply to  
12 retraining projects. Costs of on-the-job training for  
13 employees new jobs training projects shall not exceed fifty  
14 percent of the annual gross payroll costs for up to one year  
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16 payroll" can be the gross wages, salaries, and benefits for  
17 the jobs in training in the project.

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15 project.

16 NEW SUBSECTION. 8. Before a community college and a  
17 business enter into an agreement to establish a project, the  
18 community college shall consult with the local office of the  
19 division of job service of the department of employment  
20 services to determine if there already exists in the  
21 community, a skilled or experienced group of unemployed  
22 workers, as a result of a plant closing or reduction in force,  
23 sufficiently large to supply the needs of the new or expanding  
24 business. If such a supply of workers exists, the community  
25 college shall enter into the agreement only if the business  
26 agrees to give preference in hiring for new jobs to those  
27 workers over any other workers who do not have greater  
28 qualifications.

29 Sec. 5. Section 280C.4, Code 1991, is amended to read as  
30 follows:

31 280C.4 INCREMENTAL PROPERTY TAXES.

32 If an agreement provides that all or part of program costs  
33 are to be paid for by incremental property taxes, the board of  
34 directors shall provide by resolution that taxes levied on the  
35 employer's taxable business property, where new jobs are

1 created as a result of a project, each year by or for the  
2 benefit of the state, city, county, school district, or other  
3 taxing district after the effective date of the resolution  
4 shall be divided as provided in section 403.19, subsections 1  
5 and 2, in the same manner as if the employer's-business  
6 business' property, where new jobs are created as a result of  
7 a project, was taxable property in an urban renewal project  
8 and the resolution was an ordinance within the meaning of  
9 those subsections. To the extent that the taxes received by  
10 the board of directors represent repayments of an advance made  
11 under section 280C.6 plus interest, the taxes shall be paid to  
12 the treasurer of state. However, with respect to any urban  
13 renewal project as to which an ordinance is in effect under  
14 section 403.19, the collection of incremental property taxes  
15 authorized by this chapter are suspended in favor of  
16 collection of incremental taxes under section 403.19. As used  
17 in this section, "taxes" includes, but is not limited to, all  
18 levies on an ad valorem basis upon land or real property of  
19 the employer's business, where new jobs are created as a  
20 result of a project.

21 Sec. 6. Section 280C.5, Code 1991, is amended to read as  
22 follows:

23 280C.5 NEW JOBS CREDIT FROM WITHHOLDING.

24 If an agreement provides that all or part of program costs  
25 are to be met by receipt of new jobs credit from withholding,  
26 it shall be done as follows:

27 1. New jobs credit from withholding shall be based upon  
28 the wages paid to the employees in the new jobs.

29 2. An amount equal to one and one-half percent of the  
30 gross wages paid by the employer business to each employee  
31 participating in a project shall be credited from the payment  
32 made by an-employer a business pursuant to section 422.16. If  
33 the amount of the withholding by the employer business is less  
34 than one and one-half percent of the gross wages paid to the  
35 employees covered by the agreement, then the employer business

1 shall receive a credit against other withholding taxes due by  
2 the employer business. The employer business shall remit the  
3 amount of the credit quarterly in the same manner as  
4 withholding payments are reported to the department of revenue  
5 and finance, to the community college. To the extent this  
6 credit represents repayments of an advance made under section  
7 280C.6 plus interest, it shall be paid to the treasurer of  
8 state. When the repayments of an advance plus interest have  
9 been paid, the employer business credits shall cease and any  
10 money received after this shall be remitted to the treasurer  
11 of state to be deposited in the general fund of the state.

12 3. The employer business shall certify to the department  
13 of revenue and finance that the credit in withholding is in  
14 accordance with an agreement and shall provide other  
15 information the department may require.

16 4. A community college shall certify to the department of  
17 revenue and finance the amount of new jobs credit from  
18 withholding an-employer a business has remitted to the  
19 community college and shall provide other information the  
20 department may require.

21 5. An employee participating in a project will receive  
22 full credit for the amount withheld as provided in section  
23 422.16.

24 Sec. 7. Section 280C.6, Code Supplement 1991, is amended  
25 to read as follows:

26 280C.6 JOB TRAINING FUND.

27 1. There is established for the community colleges a  
28 community college job training fund under the supervision of  
29 the treasurer of state. The community college job training  
30 fund consists of moneys appropriated for the fiscal year  
31 beginning July 1, 1987, and for succeeding fiscal years for  
32 the purposes of this chapter plus the interest and principal  
33 from repayment of advances made to employers businesses for  
34 program costs, moneys transferred from the Iowa employment  
35 retraining fund to the community college job training fund on

1 July 1, 1992, plus the repayments, including interest, of  
2 loans made from that retraining fund, and interest earned from  
3 moneys in the community college job training fund. Moneys-in  
4 ~~this-fund-shall-be-used-to-provide-advances-to-employers-for~~  
5 ~~program-costs-upon-the-request-of-boards-of-directors-of-the~~  
6 ~~community-colleges.~~

7 2. To provide funds for the present payment of the costs  
8 of a new-jobs training program by the employer business, the  
9 community college may provide to the employer business an  
10 advance of the moneys to be used to pay for the program costs  
11 as provided in the agreement. To receive the funds for this  
12 advance from the job training fund established in subsection  
13 1, the community college shall submit an application to the  
14 department of economic development. The amount of the advance  
15 shall not exceed fifty thousand dollars for any project. The  
16 advance, if the agreement provides it as a loan, shall be  
17 repaid with interest from the sources provided in the  
18 agreement. The rate of interest to be charged for advances  
19 made in a calendar month is equal to one-half of the average  
20 rate of interest on tax exempt certificates issued by  
21 community colleges pursuant to chapter 280B for the previous  
22 twelve months. The rate shall be computed by the Iowa  
23 department of economic development.

24 Sec. 8. Section 280C.7, Code 1991, is amended to read as  
25 follows:

26 280C.7 DEPARTMENT OF ECONOMIC DEVELOPMENT TO COORDINATE.

27 The Iowa department of economic development in consultation  
28 with the department of education and the division of job  
29 service of the department of employment services shall  
30 coordinate the new jobs training program. The department of  
31 economic development shall ~~adopt, amend, and repeal~~ rules  
32 under pursuant to chapter 17A that the community college will  
33 use in developing projects with new and expanding small  
34 business new jobs training proposals or existing business  
35 retraining proposals. The department shall establish by rule

1 criteria for determining what constitutes ~~a small~~ an eligible  
2 business. A project shall not be funded under this chapter  
3 unless the department approves the project. The department  
4 shall establish by rule criteria for approval of projects.  
5 The department ~~is authorized to make~~ may adopt any rule that  
6 ~~is adopted, amended, or repeated~~ effective immediately upon  
7 filing with the administrative rules coordinator or at a  
8 subsequent stated date prior to indexing and publication, or  
9 at a stated date less than thirty-five days after filing,  
10 indexing, and publication. The ~~lowe~~ department of economic  
11 development shall prepare an annual report for the governor  
12 and general assembly on the activities and the future  
13 anticipated needs of this new jobs training program.

14 Sec. 9. NEW SECTION. 280C.8 ALLOCATION.

15 1. For the fiscal year beginning July 1, 1992, only, the  
16 department of economic development shall make funds available  
17 to the community colleges as follows:

18 a. RETRAINING PROJECTS. The department shall set aside at  
19 the beginning of the fiscal year from the moneys newly  
20 appropriated to the fund an amount for each merged area to be  
21 used to provide the financial assistance for retraining  
22 proposals of businesses located in the merged area whose  
23 applications have been approved by the department. The  
24 financial assistance shall be provided by the department from  
25 the amount set aside for that merged area. If any portion of  
26 the moneys set aside for a merged area have not been used or  
27 committed by March 1 of the fiscal year, that portion is  
28 available for use by the department to provide financial  
29 assistance to businesses located in other merged areas. The  
30 department shall adopt by rule a formula for this set-aside  
31 based on population and per capita income of the merged area.

32 b. NEW JOBS TRAINING PROJECTS. The department shall make  
33 available financial assistance for new jobs training projects  
34 from repayments and interest in the fund from previously  
35 funded new jobs training projects. Funds shall be awarded to

1 projects based on the order proposals are received and  
2 approved.

3 2. Moneys available to the community colleges for this  
4 program may be used to provide grants to train for new jobs or  
5 retain existing jobs when the project costs are less than five  
6 thousand dollars. If the project is for a consortium of  
7 businesses, project costs shall not exceed an average of five  
8 thousand dollars per business.

9 3. The department shall include with its budget request  
10 for the fiscal year beginning July 1, 1993, a preliminary  
11 recommendation for the allocation of moneys in the job  
12 training fund for the fiscal year beginning July 1, 1993, and  
13 succeeding fiscal years. The department shall seek input from  
14 representatives of the community colleges in preparing the  
15 recommendation.

16 Sec. 10. On the effective date of this Act, all moneys in  
17 the Iowa employment retraining fund created in the office of  
18 the treasurer are transferred to the community college job  
19 training fund and any repayments of loans made from moneys in  
20 the Iowa employment retraining fund received on or after July  
21 1, 1992, shall be credited to and deposited in the community  
22 college job training fund.

23 Sec. 11. Sections 15.292, 15.293, 15.294, 15.296, 15.297,  
24 and 15.298, Code 1991, are repealed.

25 Sec. 12. Sections 15.291 and 15.295, Code Supplement 1991,  
26 are repealed.

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KRAMER  
KIBBIE

SSB 2243

SMALL BUSINESS/ECONOMIC  
DEVELOPMENT  
*Now*

SENATE/HOUSE FILE 2295  
BY (PROPOSED DEPARTMENT OF  
ECONOMIC DEVELOPMENT  
BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the Iowa small business new jobs training  
2 program and the Iowa retraining program.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 280C.2, subsections 1, 2, 3, 5, 6, 7,  
2 12, and 13, Code 1991, are amended to read as follows:

3 1. "New jobs training program" or "program" means the  
4 project or projects established by a community college for the  
5 creation of jobs by providing education and training of  
6 workers for new jobs for a new or expanding small business or  
7 for the retraining of workers of an existing business located  
8 in the merged area served by the community college.

9 2. "Project" means a training arrangement which is the  
10 subject of an agreement entered into between the community  
11 college and an employer business to provide program services.

12 3. "Program services" includes but is not limited to the  
13 following:

14 a. New jobs training.

15 b. Retraining of existing workers.

16 b c. Adult basic education and job-related instruction.

17 e d. Vocational and skill-assessment services and testing.

18 d e. Training facilities, equipment, materials, and  
19 supplies.

20 e f. On-the-job training.

21 f g. Administrative expenses for the new jobs training  
22 program.

23 g h. Subcontracted services with institutions governed by  
24 the state board of regents, private colleges or universities,  
25 or other federal, state, or local agencies.

26 h i. Contracted or professional services.

27 5. "Employer business" means the small business providing  
28 new jobs or retraining jobs located in the merged area served  
29 by the community college and entering which enters into an  
30 agreement with the community college.

31 6. "Employee" means the person employed in a new job by a  
32 small business or a person currently employed by a business  
33 who is to be retrained.

34 7. "Agreement" is the agreement between an employer  
35 business and a community college concerning a project.

1 12. "Date of commencement of the project" means the date  
2 of the preliminary agreement.

3 13. "Small eligible business" or "business" means a  
4 business engaged in interstate or intrastate commerce for the  
5 purpose of manufacturing, processing, or assembling products,  
6 conducting research and development, or providing services in  
7 interstate commerce, but excludes retail, health, or  
8 professional services and which meets the other criteria  
9 established by the Iowa department of economic development.  
10 "Small eligible business" does not include a business which  
11 closes or substantially reduces its operation in one area of  
12 the state of Iowa and relocates substantially the same  
13 operation in another area of the state of Iowa. This  
14 subsection does not prohibit a business from expanding its  
15 operations in another area of the state provided that existing  
16 operations of a similar nature are not closed or substantially  
17 reduced. "Small business" does not include a business whose  
18 training costs can be economically funded under chapter 280B.

19 "Eligible business" includes the following:

- 20 a. Retraining business which is currently conducting
- 21 retooling of a production facility.
- 22 b. Small business which meets other criteria established
- 23 by the department of economic development relating to business
- 24 size.

25 Sec. 2. Section 280C.2, Code 1991, is amended by adding  
26 the following new subsections:

27 NEW SUBSECTION. 15. "Retraining job" means a job with an  
28 existing business that is substantially at risk of becoming  
29 displaced within the following ten years due to the retooling  
30 of the business.

31 NEW SUBSECTION. 16. "Retooling" means upgrading,  
32 modernizing, or expanding a business to increase the  
33 production or efficiency of business operations including, but  
34 not limited to, replacing equipment, introducing new  
35 manufacturing processes, or changing managerial procedures.

1 Sec. 3. Section 280C.3, Code 1991, is amended to read as  
2 follows:

3 280C.3 AGREEMENT.

4 A community college may enter into an agreement to  
5 establish a project. However, before a community college and  
6 a small business enter into an agreement to establish a  
7 project, the community college shall consult with the local  
8 office of the division of job service of the department of  
9 employment services to determine if there already exists in  
10 the community, a skilled or experienced group of unemployed  
11 workers, as a result of a plant closing or reduction in force,  
12 sufficiently large to supply the needs of the new or expanding  
13 small business. If such a supply of workers exists, the  
14 community college shall enter into the agreement only if the  
15 small business agrees to give preference in training to those  
16 workers over any other workers who do not have greater  
17 qualifications. If an agreement is entered into, the  
18 community college and the employer business shall notify the  
19 department of revenue and finance as soon as possible. An  
20 agreement may provide, but is not limited to:

21 1. Program costs, including deferred costs, for a project  
22 creating new jobs by providing education and training of  
23 workers for a new or expanding small business may be paid from  
24 one or a combination of the following sources:

25 a. Incremental property taxes to be received or derived  
26 from ~~an-employer's-business~~ the employer business' property  
27 where new jobs are created as a result of the project.

28 b. New jobs credit from withholding to be received or  
29 derived from new employment resulting from the project.

30 c. Tuition, student fees, or special charges fixed by the  
31 board of directors to defray program costs in whole or in  
32 part.

33 d. Guarantee of payments to be received under paragraph  
34 "a", "b", or "c".

35 2. Program costs, including deferred costs, for a project

1 retraining workers of existing businesses, may be paid from  
2 one or a combination of the following sources:

3 a. Loan repayments provided by the business.

4 b. Tuition, student fees, or special charges fixed by the  
5 board of directors to defray program costs in whole or in  
6 part.

7 2 3. Payment of program costs shall not be deferred for a  
8 period longer than ten years from the date of commencement of  
9 the project.

10 3 4. Costs of on-the-job training shall not apply to  
11 retraining projects. Costs of on-the-job training for  
12 employees new jobs training projects shall not exceed fifty  
13 percent of the annual gross payroll costs for up to one year  
14 of the new jobs. For purposes of this subsection, "gross  
15 payroll" can be the gross wages, salaries, and benefits for  
16 the jobs in training in the project.

17 4 5. A provision, where applicable, which fixes the  
18 minimum amount of incremental property taxes, new jobs credit  
19 from withholding, or tuition and fee payments which shall be  
20 paid for program costs.

21 5 6. Any payments required to be made by an employer  
22 business are a lien upon the employer's-business employer  
23 business' property until paid and have equal precedence with  
24 ordinary taxes and shall not be divested by a judicial sale.  
25 Property subject to the lien may be sold for sums due and  
26 delinquent at a tax sale, with the same forfeitures,  
27 penalties, and consequences as for the nonpayment of ordinary  
28 taxes. The purchaser at tax sale obtains the property subject  
29 to the remaining payments.

30 Sec. 4. Section 280C.3, Code 1991, is amended by adding  
31 the following new subsections:

32 NEW SUBSECTION. 7. Provisions relating to the type of  
33 financial assistance being provided which may be in the form  
34 of grants, loans, forgivable loans, or a combination of grants  
35 and loans according to guidelines adopted by the department of

1 economic development. However, the amount of financial  
2 assistance provided for a project under this chapter shall not  
3 exceed fifty thousand dollars. Financial assistance for a new  
4 jobs project shall be limited to loans. Financial assistance  
5 for a retraining project shall not include a grant or  
6 forgivable loan unless the result of the retooling creates, at  
7 the business production site subject to the retooling, a net  
8 increase in the number of employment positions, a net increase  
9 in the quality of the employment positions held by  
10 participating workers, or a net increase in wages paid to  
11 participating workers. The financial assistance provided to a  
12 participating business must be based on the actual cost of  
13 training or retraining participating workers under the  
14 project.

15 NEW SUBSECTION. 8. Before a community college and a  
16 business enter into an agreement to establish a project, the  
17 community college shall consult with the local office of the  
18 division of job service of the department of employment  
19 services to determine if there already exists in the  
20 community, a skilled or experienced group of unemployed  
21 workers, as a result of a plant closing or reduction in force,  
22 sufficiently large to supply the needs of the new or expanding  
23 business. If such a supply of workers exist, the community  
24 college shall enter into the agreement only if the business  
25 agrees to give preference in hiring for new jobs to those  
26 workers over any other workers who do not have greater  
27 qualifications.

28 Sec. 5. Section 280C.4, Code 1991, is amended to read as  
29 follows:

30 280C.4 INCREMENTAL PROPERTY TAXES.

31 If an agreement provides that all or part of program costs  
32 are to be paid for by incremental property taxes, the board of  
33 directors shall provide by resolution that taxes levied on the  
34 employer's-taxable-business employer business' taxable  
35 property, where new jobs are created as a result of a project,

1 each year by or for the benefit of the state, city, county,  
 2 school district, or other taxing district after the effective  
 3 date of the resolution shall be divided as provided in section  
 4 403.19, subsections 1 and 2, in the same manner as if the  
 5 employer's-business employer business' property, where new  
 6 jobs are created as a result of a project, was taxable  
 7 property in an urban renewal project and the resolution was an  
 8 ordinance within the meaning of those subsections. To the  
 9 extent that the taxes received by the board of directors  
 10 represent repayments of an advance made under section 280C.6  
 11 plus interest, the taxes shall be paid to the treasurer of  
 12 state. However, with respect to any urban renewal project as  
 13 to which an ordinance is in effect under section 403.19, the  
 14 collection of incremental property taxes authorized by this  
 15 chapter are suspended in favor of collection of incremental  
 16 taxes under section 403.19. As used in this section, "taxes"  
 17 includes, but is not limited to, all levies on an ad valorem  
 18 basis upon land or real property of the employer's employer  
 19 business, where new jobs are created as a result of a project.

20 Sec. 6. Section 280C.5, Code 1991, is amended to read as  
 21 follows:

22 280C.5 NEW JOBS CREDIT FROM WITHHOLDING.

23 If an agreement provides that all or part of program costs  
 24 are to be met by receipt of new jobs credit from withholding,  
 25 it shall be done as follows:

26 1. New jobs credit from withholding shall be based upon  
 27 the wages paid to the employees in the new jobs.

28 2. An amount equal to one and one-half percent of the  
 29 gross wages paid by the employer business to each employee  
 30 participating in a project shall be credited from the payment  
 31 made by an employer business pursuant to section 422.16. If  
 32 the amount of the withholding by the employer business is less  
 33 than one and one-half percent of the gross wages paid to the  
 34 employees covered by the agreement, then the employer business  
 35 shall receive a credit against other withholding taxes due by

1 the employer business. The employer business shall remit the  
2 amount of the credit quarterly in the same manner as  
3 withholding payments are reported to the department of revenue  
4 and finance, to the community college. To the extent this  
5 credit represents repayments of an advance made under section  
6 280C.6 plus interest, it shall be paid to the treasurer of  
7 state. When the repayments of an advance plus interest have  
8 been paid, the employer business credits shall cease and any  
9 money received after this shall be remitted to the treasurer  
10 of state to be deposited in the general fund of the state.

11 3. The employer business shall certify to the department  
12 of revenue and finance that the credit in withholding is in  
13 accordance with an agreement and shall provide other  
14 information the department may require.

15 4. A community college shall certify to the department of  
16 revenue and finance the amount of new jobs credit from  
17 withholding an employer business has remitted to the community  
18 college and shall provide other information the department may  
19 require.

20 5. An employee participating in a project will receive  
21 full credit for the amount withheld as provided in section  
22 422.16.

23 Sec. 7. Section 280C.6, Code Supplement 1991, is amended  
24 to read as follows:

25 280C.6 JOB TRAINING FUND.

26 1. There is established for the community colleges a  
27 community college job training fund under the supervision of  
28 the treasurer of state. The community college job training  
29 fund consists of moneys appropriated for the fiscal year  
30 beginning July 1, 1987, and for succeeding fiscal years for  
31 the purposes of this chapter plus the interest and principal  
32 from repayment of advances made to employers employer  
33 businesses for program costs, moneys transferred from the Iowa  
34 employment retraining fund to the community college job  
35 training fund on July 1, 1992, plus the repayments, including

1 interest, of loans made from that retraining fund, and  
2 interest earned from moneys in the community college job  
3 training fund. ~~Moneys-in-this-fund-shall-be-used-to-provide~~  
4 ~~advances-to-employers-for-program-costs-upon-the-request-of~~  
5 ~~boards-of-directors-of-the-community-colleges.~~

6 2. To provide funds for the present payment of the costs  
7 of a new jobs training program by the employer business, the  
8 community college may provide to the employer business an  
9 advance of the moneys to be used to pay for the program costs  
10 as provided in the agreement. To receive the funds for this  
11 advance from the job training fund established in subsection  
12 1, the community college shall submit an application to the  
13 department of economic development. The amount of the advance  
14 shall not exceed fifty thousand dollars for any project. The  
15 advance, if the agreement provides it as a loan, shall be  
16 repaid with interest from the sources provided in the  
17 agreement. The rate of interest to be charged for advances  
18 made in a calendar month is equal to one-half of the average  
19 rate of interest on tax exempt certificates issued by  
20 community colleges pursuant to chapter 280B for the previous  
21 twelve months. The rate shall be computed by the Iowa  
22 department of economic development.

23 Sec. 8. Section 280C.7, Code 1991, is amended to read as  
24 follows:

25 280C.7 DEPARTMENT OF ECONOMIC DEVELOPMENT TO COORDINATE.  
26 The Iowa department of economic development in consultation  
27 with the department of education and the division of job  
28 service of the department of employment services shall  
29 coordinate the new jobs training program. The department of  
30 economic development shall ~~adopt~~adopt~~and repeat~~ rules  
31 under pursuant to chapter 17A that the community college will  
32 use in developing projects with new and expanding small  
33 business new jobs training proposals or existing business  
34 retraining proposals. The department shall establish by rule  
35 criteria for determining what constitutes a small eligible

1 business. A project shall not be funded under this chapter  
2 unless the department approves the project. The department  
3 shall establish by rule criteria for approval of projects.  
4 The department ~~is-authorized-to-make~~ may adopt any rule that  
5 ~~is-adopted,-amended,-or-repeated~~ effective immediately upon  
6 filing with the administrative rules coordinator or at a  
7 subsequent stated date prior to indexing and publication, or  
8 at a stated date less than thirty-five days after filing,  
9 indexing, and publication. The ~~Iowa~~ department of economic  
10 development shall prepare an annual report for the governor  
11 and general assembly on the activities and the future  
12 anticipated needs of this new jobs training program.

13 Sec. 9. NEW SECTION. 280C.8 ALLOCATION AND GRANT SET-  
14 ASIDES.

15 1. For the fiscal year beginning July 1, 1992, only, the  
16 department of economic development shall make funds available  
17 to the community colleges as follows:

18 a. RETRAINING PROJECTS. The department shall set aside at  
19 the beginning of the fiscal year from the moneys newly  
20 appropriated to the fund an amount for each merged area to be  
21 used to provide the financial assistance for retraining  
22 proposals of businesses located in the merged area whose  
23 applications have been approved by the department. The  
24 financial assistance shall be provided by the department from  
25 the amount set aside for that merged area. If any portion of  
26 the moneys set aside for a merged area have not been used or  
27 committed by March 1 of the fiscal year, that portion is  
28 available for use by the department to provide financial  
29 assistance to businesses located in other merged areas. The  
30 department shall adopt by rule a formula for this set-aside  
31 based on population and per capita income of the merged area.

32 b. NEW JOBS TRAINING PROJECTS. The department shall make  
33 available financial assistance for new jobs training projects  
34 from repayments and interest in the fund from previously  
35 funded new jobs training projects. Funds shall be awarded to

1 projects based on the order proposals are received and  
2 approved.

3 2. Up to ten percent of the moneys available annually to  
4 the community colleges for this program may be set aside to  
5 provide grants to train new jobs or retain existing jobs when  
6 the project costs are less than five thousand dollars. If the  
7 project is for a consortium of businesses, project costs shall  
8 not exceed an average of five thousand dollars per business.

9 3. The department shall include with its budget request  
10 for the fiscal year beginning July 1, 1993, a preliminary  
11 recommendation for the allocation of moneys in the job  
12 training fund for the fiscal year beginning July 1, 1993, and  
13 succeeding fiscal years. The department shall seek input from  
14 representatives of the community colleges in preparing the  
15 recommendation.

16 Sec. 10. On the effective date of this Act, all moneys in  
17 the Iowa employment retraining fund created in the office of  
18 the treasurer are transferred to the community college job  
19 training fund and any repayments of loans made from moneys in  
20 the Iowa employment retraining fund received on or after July  
21 1, 1992, shall be credited to and deposited in the community  
22 college job training fund.

23 Sec. 11. Sections 15.292, 15.293, 15.294, 15.296, 15.297,  
24 and 15.298, Code 1991, are repealed.

25 Sec. 12. Sections 15.291 and 15.295, Code Supplement 1991,  
26 are repealed.

27 EXPLANATION

28 The bill combines the state job retraining program and the  
29 Iowa small business new jobs training program into one program  
30 to be funded by the existing community college job training  
31 fund. The bill limits new job training and retraining  
32 projects to \$50,000 each. Provision is made to allocate  
33 moneys appropriated for this program to the community colleges  
34 based upon the formula used by the department of education.  
35 If the moneys allocated are not used within the first eight

1 months of the fiscal year, the unused moneys are pooled and  
2 made available to other community colleges for the program.

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BACKGROUND STATEMENT

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SUBMITTED BY THE AGENCY

5 This bill proposes to combine the operations and revolving  
6 funds of the Iowa small business new jobs training program  
7 (chapter 280C) and the Iowa retraining program (sections  
8 15.291 through 15.298) into a single revolving fund operating  
9 under a single set of regulations. This modification will  
10 simplify administrative requirements of the two programs. It  
11 provides that the community colleges will receive an annual  
12 allocation of funds under the program therefore empowering  
13 them to provide more flexible training and retraining services  
14 to Iowa businesses. Under this revised fund, the Iowa  
15 department of economic development will retain  
16 responsibilities for final approval of all projects, statewide  
17 monitoring, program evaluation, and data collection.

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SENATE FILE 2295

AN ACT  
RELATING TO THE IOWA SMALL BUSINESS NEW JOBS TRAINING PROGRAM  
AND THE IOWA RETRAINING PROGRAM.

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

Section 1. Section 280C.2, subsections 1, 2, 3, 5, 6, 7, 12, and 13, Code 1991, are amended to read as follows:

1. "New-jobs Jobs training program" or "program" means the project or projects established by a community college for the creation of jobs by providing education and training of workers for new jobs for a new or expanding small business or for the retraining of workers of an existing business in-the merged-area-served-by-the-community-college.

2. "Project" means a training arrangement which is the subject of an agreement entered into between the community college and an-employer a business to provide program services.

3. "Program services" includes but is not limited to the following:

- a. New jobs training.
- b. Retraining of existing workers.
- b c. Adult basic education and job-related instruction.
- e d. Vocational and skill-assessment services and testing.
- d e. Training facilities, equipment, materials, and supplies.
- e f. On-the-job training.
- f g. Administrative expenses for the new jobs training program.

g h. Subcontracted services with institutions governed by the state board of regents, private colleges or universities, or other federal, state, or local agencies.

h i. Contracted or professional services.

5. "Employer Participating business" means the small business providing new jobs or retraining jobs in-the-merged area-served-by-the-community-college and entering which enters into an agreement with the community college.

6. "Employee" means the person employed in a new job by a small business or a person currently employed by a business who is to be retrained.

7. "Agreement" is the agreement between an-employer a business and a community college concerning a project.

12. "Date of commencement of the project" means the date of the preliminary agreement.

13. "Small Eligible business" or "business" means a business engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, or assembling products, conducting research and development, or providing services in interstate commerce, but excludes retail, health, or professional services and which meets the other criteria established by the Iowa department of economic development. "Small Eligible business" does not include a business which closes or substantially reduces its operation in one area of the state of Iowa and relocates substantially the same operation in another area of the state of Iowa. This subsection does not prohibit a business from expanding its operations in another area of the state provided that existing operations of a similar nature are not closed or substantially reduced. "Small business" does not include a business whose training costs can be economically funded under chapter 280B.

"Eligible business" includes the following:

- a. Retraining business which is currently conducting retooling of a production facility.

b. Small business which meets other criteria established by the department of economic development relating to business size.

Sec. 2. Section 280C.2, Code 1991, is amended by adding the following new subsections:

NEW SUBSECTION. 15. "Retraining job" means a job with an existing business that is substantially at risk of becoming displaced within the following ten years due to the retooling of the business.

NEW SUBSECTION. 16. "Retooling" means upgrading, modernizing, or expanding a business to increase the production or efficiency of business operations including, but not limited to, replacing equipment, introducing new manufacturing processes, or changing managerial procedures.

Sec. 3. Section 280C.3, Code 1991, is amended to read as follows:

280C.3 AGREEMENT.

A community college may enter into an agreement to establish a project. ~~However, before a community college and a small business enter into an agreement to establish a project, the community college shall consult with the local office of the division of job service of the department of employment services to determine if there already exists in the community, a skilled or experienced group of unemployed workers, as a result of a plant closing or reduction in force, sufficiently large to supply the needs of the new or expanding small business; if such a supply of workers exists, the community college shall enter into the agreement only if the small business agrees to give preference in training to those workers over any other workers who do not have greater qualifications.~~ If an agreement is entered into, the community college and the employer business shall notify the department of revenue and finance as soon as possible. An agreement may provide, but is not limited to:

1. Program costs, including deferred costs, for a project creating new jobs by providing education and training of workers for a new or expanding small business may be paid from one or a combination of the following sources:

- a. Incremental property taxes to be received or derived from an employer's business the business' property where new jobs are created as a result of the project.
- b. New jobs credit from withholding to be received or derived from new employment resulting from the project.
- c. Tuition, student fees, or special charges fixed by the board of directors to defray program costs in whole or in part.
- d. Guarantee of payments to be received under paragraph "a", "b", or "c".

2. Program costs, including deferred costs, for a project retraining workers of existing businesses, may be paid from one or a combination of the following sources:

- a. Loan repayments provided by the business.
- b. Tuition, student fees, or special charges fixed by the board of directors to defray program costs in whole or in part.

3. Payment of program costs shall not be deferred for a period longer than ten years from the date of commencement of the project.

4. Costs of on-the-job training shall not apply to retraining projects. Costs of on-the-job training for employees new jobs training projects shall not exceed fifty percent of the annual gross payroll costs for up to one year of the new jobs. For purposes of this subsection, "gross payroll" can be the gross wages, salaries, and benefits for the jobs in training in the project.

5. A provision, where applicable, which fixes the minimum amount of incremental property taxes, new jobs credit from withholding, or tuition and fee payments which shall be paid for program costs.

5 6. Any payments required to be made by an employer a business are a lien upon the employer's business' property until paid and have equal precedence with ordinary taxes and shall not be divested by a judicial sale. Property subject to the lien may be sold for sums due and delinquent at a tax sale, with the same forfeitures, penalties, and consequences as for the nonpayment of ordinary taxes. The purchaser at tax sale obtains the property subject to the remaining payments.

Sec. 4. Section 280C.3, Code 1991, is amended by adding the following new subsections:

NEW SUBSECTION. 7. Provisions relating to the type of financial assistance being provided which may be in the form of grants, loans, forgivable loans, or a combination of grants and loans according to guidelines adopted by the department of economic development. However, the amount of financial assistance provided for a project under this chapter shall not exceed fifty thousand dollars. Financial assistance for a new jobs project shall be limited to loans. Financial assistance for a retraining project shall not include a grant or forgivable loan unless the result of the retooling creates, at the business production site subject to the retooling, a net increase in the number of employment positions, a net increase in the quality of the employment positions held by participating workers, or a net increase in wages paid to participating workers. The financial assistance provided to a participating business must be based on the actual cost of training or retraining participating workers under the project.

NEW SUBSECTION. 8. Before a community college and a business enter into an agreement to establish a project, the community college shall consult with the local office of the division of job service of the department of employment services to determine if there already exists in the community, a skilled or experienced group of unemployed

workers, as a result of a plant closing or reduction in force, sufficiently large to supply the needs of the new or expanding business. If such a supply of workers exists, the community college shall enter into the agreement only if the business agrees to give preference in hiring for new jobs to those workers over any other workers who do not have greater qualifications.

Sec. 5. Section 280C.4, Code 1991, is amended to read as follows:

280C.4 INCREMENTAL PROPERTY TAXES.

If an agreement provides that all or part of program costs are to be paid for by incremental property taxes, the board of directors shall provide by resolution that taxes levied on the employer's taxable business property, where new jobs are created as a result of a project, each year by or for the benefit of the state, city, county, school district, or other taxing district after the effective date of the resolution shall be divided as provided in section 403.19, subsections 1 and 2, in the same manner as if the employer's-business business' property, where new jobs are created as a result of a project, was taxable property in an urban renewal project and the resolution was an ordinance within the meaning of those subsections. To the extent that the taxes received by the board of directors represent repayments of an advance made under section 280C.6 plus interest, the taxes shall be paid to the treasurer of state. However, with respect to any urban renewal project as to which an ordinance is in effect under section 403.19, the collection of incremental property taxes authorized by this chapter are suspended in favor of collection of incremental taxes under section 403.19. As used in this section, "taxes" includes, but is not limited to, all levies on an ad valorem basis upon land or real property of the employer's business, where new jobs are created as a result of a project.

Sec. 6. Section 280C.5, Code 1991, is amended to read as follows:

280C.5 NEW JOBS CREDIT FROM WITHHOLDING.

If an agreement provides that all or part of program costs are to be met by receipt of new jobs credit from withholding, it shall be done as follows:

1. New jobs credit from withholding shall be based upon the wages paid to the employees in the new jobs.
2. An amount equal to one and one-half percent of the gross wages paid by the employer business to each employee participating in a project shall be credited from the payment made by an employer a business pursuant to section 422.16. If the amount of the withholding by the employer business is less than one and one-half percent of the gross wages paid to the employees covered by the agreement, then the employer business shall receive a credit against other withholding taxes due by the employer business. The employer business shall remit the amount of the credit quarterly in the same manner as withholding payments are reported to the department of revenue and finance, to the community college. To the extent this credit represents repayments of an advance made under section 280C.6 plus interest, it shall be paid to the treasurer of state. When the repayments of an advance plus interest have been paid, the employer business credits shall cease and any money received after this shall be remitted to the treasurer of state to be deposited in the general fund of the state.
3. The employer business shall certify to the department of revenue and finance that the credit in withholding is in accordance with an agreement and shall provide other information the department may require.
4. A community college shall certify to the department of revenue and finance the amount of new jobs credit from withholding an employer a business has remitted to the community college and shall provide other information the department may require.

5. An employee participating in a project will receive full credit for the amount withheld as provided in section 422.16.

Sec. 7. Section 280C.6, Code Supplement 1991, is amended to read as follows:

280C.6 JOB TRAINING FUND.

1. There is established for the community colleges a community college job training fund under the supervision of the treasurer of state. The community college job training fund consists of moneys appropriated for the fiscal year beginning July 1, 1987, and for succeeding fiscal years for the purposes of this chapter plus the interest and principal from repayment of advances made to employers businesses for program costs, moneys transferred from the Iowa employment retraining fund to the community college job training fund on July 1, 1992, plus the repayments, including interest, of loans made from that retraining fund, and interest earned from moneys in the community college job training fund. Moneys in this fund shall be used to provide advances to employers for program costs upon the request of boards of directors of the community colleges.
2. To provide funds for the present payment of the costs of a new-jobs training program by the employer business, the community college may provide to the employer business an advance of the moneys to be used to pay for the program costs as provided in the agreement. To receive the funds for this advance from the job training fund established in subsection 1, the community college shall submit an application to the department of economic development. The amount of the advance shall not exceed fifty thousand dollars for any project. The advance, if the agreement provides it as a loan, shall be repaid with interest from the sources provided in the agreement. The rate of interest to be charged for advances made in a calendar month is equal to one-half of the average rate of interest on tax exempt certificates issued by

community colleges pursuant to chapter 280B for the previous twelve months. The rate shall be computed by the Iowa department of economic development.

Sec. 8. Section 280C.7, Code 1991, is amended to read as follows:

280C.7 DEPARTMENT OF ECONOMIC DEVELOPMENT TO COORDINATE.

The Iowa department of economic development in consultation with the department of education and the division of job service of the department of employment services shall coordinate the new jobs training program. The department of economic development shall adopt, amend, and repeat rules under pursuant to chapter 17A that the community college will use in developing projects with new and expanding small business new jobs training proposals or existing business retraining proposals. The department shall establish by rule criteria for determining what constitutes a small an eligible business. A project shall not be funded under this chapter unless the department approves the project. The department shall establish by rule criteria for approval of projects. The department is authorized to make may adopt any rule that is adopted, amended, or repeated effective immediately upon filing with the administrative rules coordinator or at a subsequent stated date prior to indexing and publication, or at a stated date less than thirty-five days after filing, indexing, and publication. The Iowa department of economic development shall prepare an annual report for the governor and general assembly on the activities and the future anticipated needs of this new jobs training program.

Sec. 9. NEW SECTION. 280C.8 ALLOCATION.

1. For the fiscal year beginning July 1, 1992, only, the department of economic development shall make funds available to the community colleges as follows:

a. RETRAINING PROJECTS. The department shall set aside at the beginning of the fiscal year from the moneys newly appropriated to the fund an amount for each merged area to be

used to provide the financial assistance for retraining proposals of businesses located in the merged area whose applications have been approved by the department. The financial assistance shall be provided by the department from the amount set aside for that merged area. If any portion of the moneys set aside for a merged area have not been used or committed by March 1 of the fiscal year, that portion is available for use by the department to provide financial assistance to businesses located in other merged areas. The department shall adopt by rule a formula for this set-aside based on population and per capita income of the merged area.

b. NEW JOBS TRAINING PROJECTS. The department shall make available financial assistance for new jobs training projects from repayments and interest in the fund from previously funded new jobs training projects. Funds shall be awarded to projects based on the order proposals are received and approved.

2. Moneys available to the community colleges for this program may be used to provide grants to train for new jobs or retain existing jobs when the project costs are less than five thousand dollars. If the project is for a consortium of businesses, project costs shall not exceed an average of five thousand dollars per business.

3. The department shall include with its budget request for the fiscal year beginning July 1, 1993, a preliminary recommendation for the allocation of moneys in the job training fund for the fiscal year beginning July 1, 1993, and succeeding fiscal years. The department shall seek input from representatives of the community colleges in preparing the recommendation.

Sec. 10. On the effective date of this Act, all moneys in the Iowa employment retraining fund created in the office of the treasurer are transferred to the community college job training fund and any repayments of loans made from moneys in the Iowa employment retraining fund received on or after July

1, 1992, shall be credited to and deposited in the community college job training fund.

Sec. 11. Sections 15.292, 15.293, 15.294, 15.296, 15.297, and 15.298, Code 1991, are repealed.

Sec. 12. Sections 15.291 and 15.295, Code Supplement 1991, are repealed.

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MICHAEL E. GRONSTAL  
President of the Senate

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ROBERT C. ARNOULD  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2295, Seventy-fourth General Assembly.

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JOHN F. DWYER  
Secretary of the Senate

Approved April 9, 1992

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TERRY E. BRANSTAD  
Governor