

**CHAPTER 235**  
**NEW JOBS TRAINING PROGRAM**  
*H.F. 766*

**AN ACT** to establish an Iowa small business new jobs training program and making an appropriation.

*Be It Enacted by the General Assembly of the State of Iowa:*

**Section 1. NEW SECTION. 280C.1 TITLE.**

This chapter shall be known and may be cited as the "Iowa small business new jobs training Act".

**Sec. 2. NEW SECTION. 280C.2 DEFINITIONS.**

When used in this chapter, unless the context otherwise requires:

1. "New jobs training program" or "program" means the project or projects established by an area school for the creation of jobs by providing education and training of workers for new jobs for a new or expanding small business in the merged area served by the area school.
2. "Project" means a training arrangement which is the subject of an agreement entered into between the area school and an employer to provide program services.
3. "Program services" includes but is not limited to the following:
  - a. New jobs training.
  - b. Adult basic education and job-related instruction.
  - c. Vocational and skill-assessment services and testing.
  - d. Training facilities, equipment, materials, and supplies.
  - e. On-the-job training.
  - f. Administrative expenses for the new jobs training program.
  - g. Subcontracted services with institutions governed by the board of regents, private colleges or universities, or other federal, state, or local agencies.
  - h. Contracted or professional services.
4. "Program costs" means all necessary and incidental costs of providing program services.
5. "Employer" means the small business providing new jobs in the merged area served by the area school and entering into an agreement.
6. "Employee" means the person employed in a new job.
7. "Agreement" is the agreement between an employer and an area school concerning a project.
8. "Area school" means a vocational school or a community college established under chapter 280A.
9. "Board of directors" means the board of directors of an area school.
10. "Incremental property taxes" means the taxes as provided in section 280C.4.
11. "New jobs credit from withholding" means the credit as provided in section 280C.5.
12. "Date of commencement of the project" means the date of the agreement.
13. "Small 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 development commission. "Small 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.

14. "New job" means a job in a new or expanding small business but does not include jobs of recalled workers, or replacement jobs or other jobs that formerly existed in the small business in the state of Iowa.

### Sec. 3. NEW SECTION. 280C.3 AGREEMENT.

An area school may enter into an agreement to establish a project. However, before an area school and a small business enter into an agreement to establish a project, the area school shall consult with the local office of the department of job service 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 area school 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 area school and the employer shall notify the department of revenue as soon as possible. An agreement may provide, but is not limited to:

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

3. Costs of on-the-job training for employees 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.

4. A provision 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. Any payments required to be made by an employer 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. NEW SECTION. 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 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. 5. NEW SECTION. 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 to each employee participating in a project shall be credited from the payment made by an employer pursuant to section 422.16. If the amount of the withholding by the employer is less than one and one-half percent of the gross wages paid to the employees covered by the agreement, then the employer shall receive a credit against other withholding taxes due by the employer. The employer shall remit the amount of the credit quarterly in the same manner as withholding payments are reported to the department of revenue, to the area school. 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 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 shall certify to the department of revenue that the credit in withholding is in accordance with an agreement and shall provide other information the department may require.

4. An area school shall certify to the department of revenue the amount of new jobs credit from withholding an employer has remitted to the area school 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. 6. NEW SECTION. 280C.6 JOB TRAINING FUND — ADVANCES.**

1. There is established for the area schools an area school job training fund under the supervision of the treasurer of state. The area school job training fund consists of two separate accounts containing moneys as follows:

a. An advance account to which is credited moneys appropriated by the state under section 280C.8, plus the interest from repayment of advances made to employers for program costs. Moneys in this account shall be used to provide advances to employers for program costs upon requests of the boards of directors of the area schools.

b. A repayment account to which is credited the repayments of the advances made to employers for program costs. At the end of each calendar quarter, the treasurer of state shall

transfer the moneys in the account to the permanent school fund as repayment of the appropriations made under section 280C.8. However, interest earned on moneys in the repayment account shall be credited to the advance account created in paragraph "a".

2. To provide funds for the present payment of the costs of a new jobs training program by the employer, the area school may provide to the employer 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 area school job training fund, the area school shall submit an application to the treasurer of state. The treasurer shall provide the funds to the extent available. The amount of the advance shall not exceed seventy-five thousand dollars for any project. The advance 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 certificates issued by area schools pursuant to chapter 280B for the previous twelve months. The rate shall be computed by the Iowa development commission.

**Sec. 7. NEW SECTION. 280C.7 DEVELOPMENT COMMISSION.**

The Iowa development commission in consultation with the department of public instruction, department of job service, and the office for planning and programming shall coordinate the new jobs training program. The Iowa development commission shall adopt, amend, and repeal rules under chapter 17A that the area school will use in developing projects with new and expanding small business new jobs training proposals. The commission shall establish by rule criteria for determining what constitutes a small business. The commission is authorized to make any rule that is adopted, amended, or repealed 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 development commission 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. 8. NEW SECTION. 280C.8 APPROPRIATIONS.**

Notwithstanding sections 8.6, 292.1, 302.1 and 302.13, there is appropriated from the permanent school fund, for the fiscal period beginning July 1, 1985 and ending June 30, 1988 the sum of one million (1,000,000) dollars to provide funds for the purposes of and deposits in the area school job training fund created in section 280C.6. The money appropriated under this section is a loan from the permanent school fund to the area school job training fund. The interest on the loan shall be prepaid for the period of the loan from funds appropriated by this section. The rate of interest shall be determined by the treasurer of state. Notwithstanding section 8.33, moneys remaining of the appropriations made under this section on June 30, 1986 and June 30, 1987 shall not revert to the permanent school fund but remain in the area school job training fund. All moneys in the area school job training fund on June 30, 1988 and each fiscal year thereafter shall revert to the permanent school fund. Moneys to repay the amount of the loan from the permanent school fund shall be paid from funds to be credited to the "Surplus" account of the Iowa plan fund for economic development created in 1985 Iowa Act, House File 225.

**Sec. 9. LEGISLATIVE INTENT.** It is the intent of the general assembly that this chapter 280C complement chapter 280B. One of the main features of chapter 280B is the provision for the issuance of certificates by an area school to pay program costs. These certificates are then repaid from sources provided in the agreement between the area school and the employer. However, the issuance of certificates in relatively small amounts is difficult to sell. This affects the ability of small business to make use of chapter 280B to finance training programs. This chapter substitutes a different funding mechanism for the issuance of certificates with the intent that this chapter will make it easier for those businesses.

Approved May 30, 1985