WAGE-BENEFITS TAX CREDIT

15I.1 Definitions.

For purposes of this chapter, unless the context otherwise requires:

1. *"Average county wage"* means the annualized, average hourly wage based on wage information compiled by the department of workforce development.

2. *"Benefits"* means all of the following:

a. Medical and dental insurance plans.

b. Pension and profit sharing plans.

c. Child care services.

d. Life insurance coverage.

e. Other benefits identified by rule of the department.

3. *"Department"* means the department of revenue.

4. *a. "Qualified new job"* means a job that meets all of the following:

(1) Is a new full-time job that has not existed in the business within the previous twelve months in the state.

(2) Is filled by a new employee for at least twelve months.

(3) Is filled by a resident of the state.

(4) Is not created as a result of a change in ownership.

b. "Qualified new job" does not include any of the following:

(1) A job previously filled by the same employee in the state.

(2) A job that was relocated from another location in the state.

(3) A job that is created as a result of a consolidation, merger, or restructuring of a business entity if the job does not represent a new job in the state.

5. *"Retained qualified new job"* means the continued employment for another twelve months of the same employee in a qualified new job.

2005 Acts, ch 150, §55, 69

Section is effective June 9, 2005, and applies to qualified new jobs created and tax years ending on or after the effective date of division X of 2005 Acts, ch 150; 2005 Acts, ch 150, §69

15I.2 Wage-benefits tax credit.

1. *a.* Any nonretail, nonservice business may claim a tax credit equal to a percentage of the annual wages and

benefits paid for a qualified new job created by the location or expansion of the business in the state. The tax credit shall be allowed against taxes imposed under chapter 422, division II, III, or V, and chapter 432 and against the moneys and credits tax imposed in section 533.24. The percentage shall be equal to the amount provided in subsection 2.

Any credit in excess of the tax liability shall be refunded. In lieu of claiming a refund, a taxpayer may elect to have the overpayment shown on the taxpayer's final, completed return credited to the tax liability for the following taxable year.

b. If the business is a partnership, S corporation, limited liability company, or estate or trust electing to have the income taxed directly to the individual, an individual may claim the tax credit allowed. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, S corporation, limited liability company, or estate or trust.

2. The percentage of the annual wages and benefits paid for a qualified new job is determined as follows:

a. If the annual wage and benefits for the qualified new job equals less than one hundred thirty percent of the average county wage, zero percent.

b. If the annual wage and benefits for the qualified new job equals at least one hundred thirty percent but less than one hundred sixty percent of the average county wage, five percent.

c. If the annual wage and benefits for the qualified new job equals at least one hundred sixty percent of the average county wage, ten percent.

3. A qualified new job is entitled to the tax credit upon the end of the twelfth month of the job having been filled. Once a qualified new job is approved for a tax credit, tax credits for the next four subsequent tax years may be approved if the job continues to be filled and application is made as provided in section 15I.3. The percentage determined under subsection 2 for the first tax year shall continue to apply to subsequent tax credits as the credits relate to that qualified new job.

2005 Acts, ch 150, §56, 69

Section is effective June 9, 2005, and applies to qualified new jobs created and tax years ending on or after the effective date of division X of 2005 Acts, ch 150; 2005 Acts, ch 150, §69

15I.3 Tax credit certification credit limitation.

1. In order for a wage-benefit tax credit to be claimed, the business shall submit an application to the department along with information on the qualified new job or retained qualified new job and any other information required. Applications for approval of the tax credit shall be on forms approved by the department. Within forty-five days of receipt of the application, the department shall either approve or disapprove the application. After the forty-five-day limit, the application is deemed approved.

2. Upon approval of the tax credit and subject to subsection 4, a tax credit certificate shall be issued by the department. A tax credit certificate shall identify the business claiming the tax credit under this chapter and the wage and benefit costs incurred during the previous twelve months.

3. The tax credit certificate shall contain the taxpayer's name, address, tax identification number, the date of the qualified new job, the amount of credit, and other information required by the department.

4. The total amount of tax credit certificates that may be issued for a fiscal year under this chapter shall not exceed ten million dollars. The department shall establish by rule the procedures for the application, review,

selection, awarding of certificates, and the method to be used to determine for which fiscal year the tax credits are available. If the approved tax credits exceed the maximum amount for a fiscal year, tax credit certificates shall be issued on an earliest date applied basis.

5. *a.* A nonretail, nonservice business that has created a qualified new job for which a tax credit certificate under this chapter is issued is eligible to receive a tax credit certificate for each of the four subsequent tax years if the business retains the qualified new job during each of the twelve months ending in each of the tax years by applying for the credit under this section. Preference in issuing these tax credit certificates shall be given to businesses applying for the credit for retained qualified new jobs.

b. A nonretail, nonservice business that created a qualified new job but failed to receive all or part of the tax credit because of the limitation in subsection 4 is eligible to reapply for the tax credit for the retained qualified new job.

6. *a.* A business whose application has been disapproved by the department may appeal the decision to the Iowa economic development board within thirty days of notice of disapproval. If the board subsequently approves the application, the business shall receive the tax credit certificates subject to the availability of the amount of credits that may be issued as provided in subsection 4.

b. A nonretail, nonservice business may apply to the Iowa economic development board for a waiver of any provision of this chapter as it relates to the requirements for qualifying for the wage-benefits tax credit. The Iowa economic development board shall establish by rule the conditions under which a waiver of such requirements will be granted. A waiver from average county wage calculations shall be applied for and considered by the board according to the procedures provided in section 15.335A.

2005 Acts, ch 150, §57, 69

Section is effective June 9, 2005, and applies to qualified new jobs created and tax years ending on or after the effective date of division X of 2005 Acts, ch 150; 2005 Acts, ch 150, §69

15I.4 Monitoring of job creation.

The department shall develop definitions for the terms "job creation" and "job retention" to measure and identify the number of permanent, full-time positions which businesses actually create and retain and which can be documented by comparison of the payroll reports during the twenty-four-month period before and after tax credits are earned.

2005 Acts, ch 150, §58, 69

Section is effective June 9, 2005, and applies to qualified new jobs created and tax years ending on or after the effective date of division X of 2005 Acts, ch 150; 2005 Acts, ch 150, §69

15I.5 Other incentives.

A nonretail, nonservice business may receive other applicable federal, state, and local incentives and tax credits in addition to those provided in this chapter. However, a business which has received a tax credit under this chapter shall not receive tax incentives under the high quality job creation program in chapter 15, subchapter II, part 13* or moneys from the grow Iowa values fund.

2005 Acts, ch 150, §59, 69

Footnotes

*Part 13 of chapter 15, subchapter II commences with §15.326

Grow Iowa values fund and related appropriations, see §15G.108 and 15G.111

Section is effective June 9, 2005, and applies to qualified new jobs created and tax years ending on or after the effective date of division X of 2005 Acts, ch 150; 2005 Acts, ch 150, §69