

CHAPTER 260E

INDUSTRIAL NEW JOBS TRAINING

Referred to in §7C.4A, 15.251, 84A.5, 260F.2, 260J.1, 260J.2, 403.21, 422.11A, 422.16A, 422.33, 427B.19, 558.1, 558.41

Legislative intent that [chapter 260F](#) complement this chapter; [85 Acts, ch 235, §9](#)

New jobs tax credit; [§422.11A, 422.33](#)

Supplemental new jobs credit from withholding; see [§260J.1](#)

260E.1	Title.	260E.5	New jobs credit from withholding.
260E.2	Definitions.	260E.6	Certificates.
260E.3	Agreement.	260E.7	Program review by department of workforce development.
260E.4	Incremental property taxes.		

260E.1 Title.

[This chapter](#) shall be known and may be cited as the “*Iowa Industrial New Jobs Training Act*”.

[83 Acts, ch 171, §1, 8](#)

[CS83, §280B.1](#)

[C93, §260E.1](#)

260E.2 Definitions.

When used in [this chapter](#), unless the context otherwise requires:

1. “*Agreement*” is the agreement between an employer and a community college concerning a project.

2. “*Board of directors*” means the board of directors of a community college.

3. “*Certificate*” means industrial new jobs training certificates issued pursuant to [section 260E.6](#).

4. “*Community college*” means a community college established under [chapter 260C](#).

5. “*Date of commencement of the project*” means the date of the agreement.

6. “*Employee*” means the person employed in a new job. “*Employee*” does not include a person not subject to the withholding of Iowa income pursuant to a reciprocal agreement under [section 422.8, subsection 4](#).

7. “*Employer*” means the person providing new jobs in the merged area served by the community college and entering into an agreement.

8. “*Incremental property taxes*” means the taxes as provided in [sections 403.19 and 260E.4](#).

9. “*Industry*” 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. “*Industry*” 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.

10. “*New job*” means a job in a new or expanding industry but does not include jobs of recalled workers, or replacement jobs or other jobs that formerly existed in the industry in the state of Iowa.

11. “*New jobs credit from withholding*” means the credit as provided in [section 260E.5](#).

12. “*New 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 new or expanding industry in the merged area served by the community college.

13. “*Program costs*” means all necessary and incidental costs of providing program services.

14. “*Program services*” includes but is not limited to the following:

a. New jobs training.

b. Adult basic education and job-related instruction.

- c. Career and technical 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.
 - i. Issuance of certificates.
15. “Project” means a training arrangement which is the subject of an agreement entered into between the community college and an employer to provide program services.

[83 Acts, ch 171, §2, 8](#)

CS83, §280B.2

[85 Acts, ch 240, §2; 90 Acts, ch 1253, §73](#)

C93, §260E.2

[2012 Acts, ch 1018, §10; 2016 Acts, ch 1108, §56](#)

Referred to in [§422.11A, 422.33](#)

260E.3 Agreement.

1. A community college may enter into an agreement to establish a project. If an agreement is entered into, the community college and the employer shall notify the department of revenue as soon as possible. An agreement shall provide for program costs, including deferred costs, which 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. An agreement shall include 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.

[83 Acts, ch 171, §3, 8](#)

CS83, §280B.3

[90 Acts, ch 1253, §74](#)

C93, §260E.3

[94 Acts, ch 1182, §1, 2; 95 Acts, ch 195, §11, 44; 95 Acts, ch 201, §1, 3; 2003 Acts, ch 145, §286](#)

Referred to in [§260J.1, 403.21](#)

260E.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. The taxes received by the board of directors shall be allocated to and when collected be paid into a special fund of the community college and may be irrevocably pledged by the community college to pay the principal of and interest on the certificates issued by the community college to finance or refinance, in whole or in part, the project. 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.

[83 Acts, ch 171, §4, 8](#)

CS83, §280B.4

[90 Acts, ch 1253, §79](#)

C93, §260E.4

Referred to in [§260E.2, 403.19, 427B.17](#)

260E.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 community college to be allocated to and when collected paid into a special fund of the community college to pay the principal of and interest on certificates issued by the community college to finance or refinance, in whole or in part, the project. When the principal and interest on the certificates have been paid, the employer credits shall cease and any money received after the certificates have been paid shall be remitted to the treasurer of state to be deposited in the general fund of the state.

3. The new jobs credit from withholding and the special fund into which it is paid, may be irrevocably pledged by a community college for the payment of the principal of and interest on the certificate issued by a community college to finance or refinance, in whole or in part, the project.

4. 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.

5. A community college shall certify to the department of revenue the amount of new jobs credit from withholding an employer has remitted to the special fund and shall provide other information the department may require.

6. An employee participating in a project will receive full credit for the amount withheld as provided in [section 422.16](#).

[83 Acts, ch 171, §5, 8](#)

CS83, §280B.5

[90 Acts, ch 1253, §80](#)

C93, §260E.5

[2003 Acts, ch 145, §286](#)

Referred to in [§260E.2, 260J.1, 403.19A](#)

260E.6 Certificates.

To provide funds for the present payment of the costs of new jobs training programs, a community college may borrow money and issue and sell certificates payable from a sufficient portion of the future receipts of payments authorized by the agreement. The receipts shall be pledged to the payment of principal of and interest on the certificates.

1. Certificates may be sold at public sale or at private sale at par, premium, or discount at the discretion of the board of directors. [Chapter 75](#) does not apply to the issuance of these certificates.

2. Certificates may be issued with respect to a single project or multiple projects and may contain terms or conditions as the board of directors may provide by resolution authorizing the issuance of the certificates.

3. Certificates issued to refund other certificates may be sold at public sale or at private sale as provided in [this section](#) with the proceeds from the sale to be used for the payment of the certificates being refunded. The refunding certificates may be exchanged in payment and discharge of the certificates being refunded, in installments at different times or an entire issue or series at one time. Refunding certificates may be sold or exchanged at any time on, before, or after the maturity of the outstanding certificates to be refunded, may be issued for the purpose of refunding a like, greater, or lesser principal amount of certificates and may bear a higher, lower, or equivalent rate of interest than the certificates being renewed or refunded.

4. To further secure the payment of the certificates, the board of directors shall, by resolution, provide for the assessment of an annual levy of a standby tax upon all taxable property within the merged area. A copy of the resolution shall be sent to the county auditor of each county in which the merged area is located. The revenues from the standby tax shall be deposited in a special fund and shall be expended only for the payment of principal of and interest on the certificates issued as provided in [this section](#), when the receipt of payment for program costs as provided in the agreement is insufficient. If payments are necessary and made from the special fund, the amount of the payments shall be promptly repaid into the special fund from the first available payments received for program costs as provided in the agreement which are not required for the payment of principal of or interest on certificates due. No reserves may be built up in this fund in anticipation of a projected default. The board of directors shall adjust the annual standby tax levy for each year to reflect the amount of revenues in the special fund and the amount of principal and interest which is due in that year.

5. Before certificates are issued, the board of directors shall publish once a notice of its intention to issue the certificates, stating the amount, the purpose, and the project or projects for which the certificates are to be issued. A person may, within fifteen days after the publication of the notice by action in the district court of a county in the area within which the community college is located, appeal the decision of the board of directors in proposing to issue the certificates. The action of the board of directors in determining to issue the certificates is final and conclusive unless the district court finds that the board of directors has exceeded its legal authority. An action shall not be brought which questions the legality of the certificates, the power of the board of directors to issue the certificates, the effectiveness of any proceedings relating to the authorization of the project, or the authorization and issuance of the certificates from and after fifteen days from the publication of the notice of intention to issue.

6. The board of directors shall determine if revenues are sufficient to secure the faithful performance of obligations in the agreement.

[83 Acts, ch 171, §6, 8](#)

[CS83, §280B.6](#)

[88 Acts, ch 1158, §58; 90 Acts, ch 1253, §81](#)

[C93, §260E.6](#)

Referred to in [§260C.58, 260E.2, 260J.1, 260J.2](#)

260E.7 Program review by department of workforce development.

1. The department of workforce development, in consultation with the department of education and the department of revenue, shall coordinate and review the new jobs training

program. The department of workforce development shall adopt, amend, and repeal rules under [chapter 17A](#) that the community college will use in developing projects with new and expanding industrial new jobs training proposals and that the department of workforce development shall use to review and report on the new jobs training program as required in [this section](#).

2. *a.* The department of workforce development, in consultation with the community colleges participating in the new jobs training program pursuant to [this chapter](#), shall identify the information necessary to effectively coordinate and review the program, and the community colleges shall provide such information to the department. Using the information provided, the department, in consultation with the community colleges, shall issue a report on the effectiveness of the program.

b. In coordinating and reviewing the program, the department of workforce development shall give due regard to the confidentiality of certain information provided by the community colleges.

3. The department of workforce development 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.

[83 Acts, ch 171, §7, 8](#)

[CS83, §280B.7](#)

[90 Acts, ch 1253, §82](#)

[C93, §260E.7](#)

[2006 Acts, ch 1100, §5; 2011 Acts, ch 118, §88, 89; 2023 Acts, ch 19, §2202](#)