

CHAPTER 174  
WAGE, BENEFIT, AND INVESTMENT REQUIREMENTS  
[Prior to 7/4/07, see 261—Ch 168, div IV]

**261—174.1(15,15G,83GA,SF344) Applicability.** This chapter is applicable to the programs identified in 261—173.1(15,15G,83GA,SF344).

[ARC 7970B, IAB 7/15/09, effective 7/1/09; ARC 8145B, IAB 9/23/09, effective 10/28/09]

**261—174.2(15,15G,83GA,SF344) Annual qualifying wage threshold calculations.**

**174.2(1)** The department will update the county and regional qualifying wage thresholds annually each fiscal year, and these thresholds will become effective on July 1 of each fiscal year.

**174.2(2)** Effective date of county wage and regional wage qualifying thresholds. Businesses that submit a project review form to the department will be subject to county and regional qualifying wage thresholds in effect on the date the department receives the project review form provided that the business's application is received and approved within six months of the date the project review form was received by the department. If more than six months have elapsed, the business will be subject to the wage thresholds in effect on the date the department receives the business's completed application.

[ARC 7970B, IAB 7/15/09, effective 7/1/09; ARC 8145B, IAB 9/23/09, effective 10/28/09]

**261—174.3(15,15G,83GA,SF344) Qualifying wage threshold requirements—prior to July 1, 2009.** 2009 Iowa Acts, Senate File 344, became effective on July 1, 2009. 2009 Iowa Acts, Senate File 344, repealed a number of programs administered by the department, established IVF(2009), and transferred moneys from prior programs to the IVF(2009). This resulted in a simplification of state financial assistance programs. The following subrules regarding qualifying wage thresholds apply to awards made on or before June 30, 2009. This rule shall apply to the prior programs and funding sources until such time as the contracts for these prior programs are closed by the department.

**174.3(1) *Qualifying wage threshold requirement—projects receiving IVF(FES) assistance.*** Awards funded during the time period beginning July 1, 2003, but before June 16, 2004, from IVF(FES) shall meet the wage requirements in effect at that time as reflected in the contract between the department and the business. Awards funded after June 16, 2004, using IVF(FES) moneys shall meet the qualifying wage thresholds for the programs through which funding is sought.

**174.3(2) *Qualifying wage threshold requirement—projects receiving IVF (2005) assistance.*** In order to receive financial assistance from the IVF (2005), applicants shall demonstrate that the annual wage, including benefits, of project jobs is at least 130 percent of the average county wage. If an applicant is applying for IVF (2005) moneys, the department will first review the application to ensure that the IVF (2005) wage requirement is met. The department will then review the application for compliance with the requirements of the department program from which financial assistance is to be provided.

**174.3(3) *Qualifying wage threshold requirement—projects funded by program funds (“old money”).*** Prior to July 1, 2003, direct financial assistance programs administered by the department were funded through state appropriations. After the creation of IVF(FES) and IVF (2005), these programs no longer received separate state appropriations. These programs were funded with IVF(FES) and IVF (2005) moneys. Moneys remaining, recaptured or repaid to these program funds remain available for awarding to projects. The department will review an application for compliance with the requirements of the department program from which financial assistance is to be provided.

**174.3(4) *Qualifying wage threshold requirement—projects receiving EDSA funds.*** EDSA is the job creation component of the federal CDBG program. The department will review an application for compliance with the federal CDBG EDSA requirements.

**174.3(5) *Qualifying wage thresholds, by funding source and by program.***

*a. IVF (2005).* Projects that are funded with IVF (2005) moneys through the following programs shall meet the qualifying wage threshold listed below:

| Funding Source:<br><u>IVF (2005)</u> |   | Qualifying Wage<br>Threshold Requirement  | Can benefits value be<br>added to the hourly wage<br>to meet the qualifying<br>wage threshold? |
|--------------------------------------|---|---|--|
| CEBA:                                | Small business gap financing component                            | 130% of average county wage   | Yes  |
|                                      | New business opportunities and new product development components | 130% of average county wage   | Yes  |
|                                      | Venture project component   | 130% of average county wage   | Yes  |
|                                      | Modernization project component                                   | 130% of average county wage   | Yes  |
| VAAPFAP                              |   | 130% of average county wage   | Yes  |
| PIAP                                 |   | 130% of average county wage, unless funded through special allocation of PIAP funds, up to \$5 million, established in subrule 61.5(12) | Yes  |
| EVA                                  |   | 130% of average county wage   | Yes  |

b. *IVF(FES) and program funds.* Projects that are funded with IVF(FES) through the following programs or directly from available program fund moneys shall meet the qualifying wage thresholds listed below:

| Funding Source:<br><u>IVF(FES) or Program Funds</u> |   | Qualifying Wage<br>Threshold Requirement   | Can benefits value be<br>added to the hourly wage<br>to meet the qualifying<br>wage threshold? |
|---|---|--|--|
| CEBA:   | Small business gap financing component                            | 100% of average county wage or average regional wage, whichever is lower<br><br>130% for awards over \$500,000 | No   |
|   | New business opportunities and new product development components | 100% of average county wage or average regional wage, whichever is lower<br><br>130% for awards over \$500,000 | No   |
|   | Venture project component   | 100% of average county wage or average regional wage, whichever is lower                                       | No   |
|   | Modernization project component                                   | 100% of average county wage or average regional wage, whichever is lower<br><br>130% for awards over \$500,000 | No   |
| VAAPFAP   |   | No statutory requirement   | Not applicable   |
| PIAP  |   | No statutory requirement   | Not applicable   |
| EVA   |   | No statutory requirement   | Not applicable   |

c. *EDSA*. Projects that are funded with EDSA moneys shall meet the following wage threshold:

| Program Source:<br><u>CDBG</u> | Wage Threshold Requirement   | Can benefits value be added to the hourly wage to meet the wage threshold? |
|--------------------------------|--|--|
| EDSA                           | 100% of average county wage or average regional wage, whichever is lower | No   |

d. *EZ and HQJC*. Tax credit program projects shall meet the following wage thresholds:

| Tax Credit Program | Wage Threshold Requirement  | Can benefits value be added to the hourly wage to meet the wage threshold? |
|--------------------|---|--|
| EZ                 | 90% of average county wage or average regional wage, whichever is lower                           | No   |
| HQJC               | 130% of average county wage<br><br>More benefits are available if the wage rate is 160% or higher | Yes  |

[ARC 7970B, IAB 7/15/09, effective 7/1/09; ARC 8145B, IAB 9/23/09, effective 10/28/09]

**261—174.4(15) IVF (2005) wage waivers; HQJC eligibility requirement waivers.** Rescinded IAB 11/5/08, effective 10/16/08.

**261—174.5(15G,83GA,SF344) Qualifying wage threshold requirements—on or after July 1, 2009.**

**174.5(1)** Projects that are funded through one of the IVF(2009) financial assistance program components shall meet the following qualifying wage thresholds:

| Funding Source: IVF(2009)<br>Grow Iowa Values Financial Assistance Program |                                   | Qualifying Wage Threshold Requirement                    | Credit for sufficient benefits? |
|--|-----------------------------------|--|---------------------------------|
| Program Component:   | 130% wage component               | 130% of county wage or regional wage, whichever is lower | Yes                             |
|  | 100% wage component               | 100% of county wage or regional wage, whichever is lower | No                              |
|  | Entrepreneurial component         | No qualifying wage threshold                             | Not applicable                  |
|  | Infrastructure component          | No qualifying wage threshold                             | Not applicable                  |
|  | Value-added agriculture component | No qualifying wage threshold                             | Not applicable                  |
|  | Disaster recovery component       | No qualifying wage threshold                             | Not applicable                  |

**174.5(2)** HQJP and EZ. Projects funded through the HQJP or EZ tax credit program shall meet the following qualifying wage thresholds:

| Tax Credit Program | Qualifying Wage Threshold Requirement                    | Credit for sufficient benefits? |
|--------------------|--|---------------------------------|
| HQJP               | 130% of county wage or regional wage, whichever is lower | Yes                             |
| EZ                 | 90% of county wage or regional wage, whichever is lower  | No                              |

**174.5(3)** EDSA. Projects that are funded with EDSA moneys shall meet the following wage threshold:

| Program Source: CDBG | Qualifying Wage Threshold Requirement                   | Credit for sufficient benefits? |
|----------------------|---|---------------------------------|
| EDSA                 | 90% of county wage or regional wage, whichever is lower | No                              |

**174.5(4)** Higher wage threshold applies if multiple programs are used in a project. Notwithstanding the qualifying wage threshold requirements for each program, if a business is a recipient of financial assistance from more than one program administered by the department and the qualifying wage thresholds are not the same, the business shall be required to pay the higher qualifying wage for the project.

[ARC 7970B, IAB 7/15/09, effective 7/1/09; ARC 8145B, IAB 9/23/09, effective 10/28/09]

**261—174.6(15E,15G,83GA,SF344) Wage waiver requests—130 percent wage component and HQJP.**

**174.6(1)** *Waiver of qualifying wage threshold—130 percent wage component.* An applicant may apply to the board for a waiver of the qualifying wage threshold requirements of the 130 percent wage component of the grow Iowa values financial assistance program. The procedures to follow to request such a waiver are described in rule 261—175.5(15,15G,83GA,SF344).

**174.6(2)** *Waiver of HQJP qualifying wage threshold.* A community may apply to the board for a project-specific waiver from the qualifying wage threshold requirement in order to seek tax incentives for an eligible business. The procedures to follow to request such a waiver are described in rule 261—175.5(15,15G,83GA,SF344).

[ARC 7970B, IAB 7/15/09, effective 7/1/09; ARC 8145B, IAB 9/23/09, effective 10/28/09]

**261—174.7(15,15G,83GA,SF344) Job obligations.** Jobs that will be created or retained as a result of a project's receiving state or federal financial assistance or tax credit benefits from the department shall meet the qualifying wage threshold requirements. Jobs that do not meet the qualifying wage threshold requirements will not be counted toward a business's job creation or job retention obligations outlined in the contract between the department and the business. A business's job obligations shall include the business's base employment level and the number of new jobs required to be created above the base employment level.

[ARC 7970B, IAB 7/15/09, effective 7/1/09; ARC 8145B, IAB 9/23/09, effective 10/28/09]

**261—174.8(15,15G,83GA,SF344) Benefit requirements—prior to July 1, 2009.** This rule regarding benefit requirements applies to awards made on or before June 30, 2009. This rule shall apply to the prior programs and funding sources until such time as the contracts for these prior programs are closed by the department.

| Program | Benefit Requirement   | Deductible Requirements  | Is a monetary equivalent to benefits allowed?  | Benefits Counted Toward Monetary Equivalent  |
|---------|---|--|--|--|
| EZ      | 80% medical and dental coverage, single coverage <u>only</u> OR the monetary equivalent   | \$750 maximum for single coverage/<br>\$1500 maximum for family coverage | Yes  | -Medical coverage (family portion)<br>-Dental coverage (family portion)<br>-Pension/401(k) (company's average contribution)<br>-Profit-sharing plan<br>-Life insurance<br>-Short-/long-term disability insurance<br>-Vision insurance<br>-Child care |
| HQJC    | No benefit requirement (If, however, the company does not provide 80% medical and dental coverage for a single employee, the award will be reduced by 10%.) | \$750 maximum for single coverage/<br>\$1500 maximum for family coverage | No<br><br>(Providing 80% medical and dental coverage for a single employee is one of eight qualifying criteria the company may use to qualify for the program. Monetary equivalent of other benefits is not considered.) | Not applicable   |

| Program | Benefit Requirement  | Deductible Requirements  | Is a monetary equivalent to benefits allowed? | Benefits Counted Toward Monetary Equivalent   |
|---------|--|--|---|---|
| EDSA    | 80% medical and dental for single employees OR 50% medical and dental for family coverage OR the monetary equivalent | \$750 maximum for single coverage/<br>\$1500 maximum for family coverage | Yes   | -Medical coverage (family portion)<br>-Dental coverage (family portion)<br>-Pension/401(k) (company's average contribution)<br>-Profit-sharing plan<br>-Life insurance<br>-Short-/long-term disability insurance<br>-Vision insurance<br>-Child care<br>-Other documented benefits offered to all employees (i.e., uniforms, tuition reimbursement, etc.) |
| CEBA    | 80% medical and dental for single employees OR 50% medical and dental for family coverage OR the monetary equivalent | \$750 maximum for single coverage/<br>\$1500 maximum for family coverage | Yes   | -Medical coverage (family portion)<br>-Dental coverage (family portion)<br>-Pension/401(k) (company's average contribution)<br>-Profit-sharing plan<br>-Life insurance<br>-Short-/long-term disability insurance<br>-Vision insurance<br>-Child care<br>-Other documented benefits offered to all employees (i.e., uniforms, tuition reimbursement, etc.) |
| VAAPFAP | Not applicable   | Not applicable   | Not applicable                                | Not applicable  |
| PIAP    | Not applicable   | Not applicable   | Not applicable                                | Not applicable  |
| EVA     | Not applicable   | Not applicable   | Not applicable                                | Not applicable  |
| TSBFAP  | Not applicable   | Not applicable   | Not applicable                                | Not applicable  |

[ARC 7970B, IAB 7/15/09, effective 7/1/09; ARC 8145B, IAB 9/23/09, effective 10/28/09]

**261—174.9(15,15G,83GA,SF344) Sufficient benefits requirement—on or after July 1, 2009.** To be eligible to receive state financial assistance or tax credit benefits, applicants shall offer sufficient benefits to each FTE permanent position. “Sufficient benefits” and “sufficient benefits credit” are defined in rule 261—173.2(15,15G,83GA,SF344). An employer may select one of the following options to meet the sufficient benefits requirement:

| Option 1<br>80% Single Coverage   | Option 2<br>50% Family Coverage   | Option 3<br>Monetary Equivalent   |
|---|---|---|
| Pay 80% of premium costs for a standard medical and dental plan, single coverage.<br><br>\$750 maximum deductible | Pay 50% of premium costs for a standard medical and dental plan, family coverage.<br><br>\$1,500 maximum deductible | Provide medical and pay the monetary equivalent of Option 1 or Option 2 in supplemental employee benefits.<br><br>Benefits Counted Toward Monetary Equivalent <ul style="list-style-type: none"> <li>● Medical coverage</li> <li>● Dental coverage</li> <li>● Vision insurance</li> <li>● Life insurance</li> <li>● Pension</li> <li>● 401(k) (company's average contribution)</li> <li>● Short-/long-term disability insurance</li> <li>● Child care services</li> <li>● Other nonwage compensation</li> </ul> |

[ARC 7970B, IAB 7/15/09, effective 7/1/09; ARC 8145B, IAB 9/23/09, effective 10/28/09]

**261—174.10(15,15G,83GA,SF344) Capital investment, qualifying investment for tax credit programs, and investment qualifying for tax credits.**

**174.10(1) Capital investment.** The department reports on the amount of capital investment involved with funded projects. This rule lists the categories of expenditures that are included when the department determines the amount of capital investment associated with a project.

**174.10(2) Qualifying investment for tax credit programs.** For the tax credit programs (EZ and HQJP), there are statutorily required minimum investment thresholds that must be met for the project to be considered to receive an award. Not all expenditures count toward meeting the investment threshold. This rule identifies the categories of expenditures that can be included when the amount of investment is calculated for purposes of meeting program eligibility threshold requirements.

**174.10(3) Investment qualifying for tax credits.** Not all of the expenditures categories used to calculate the investment amount needed to meet program threshold requirements qualify for purposes of claiming the tax credits. The following table identifies the expenditures that do not qualify for tax credits.

|                                    | Capital Investment <sup>1</sup> | Qualifying Investment <sup>2</sup> | Investment Qualifying for Tax Credits <sup>3</sup> |
|------------------------------------|---------------------------------|------------------------------------|--|
| Land acquisition                   | Yes                             | Yes                                | Yes  |
| Site preparation                   | Yes                             | Yes                                | Yes  |
| Building acquisition               | Yes                             | Yes                                | Yes  |
| Building construction              | Yes                             | Yes                                | Yes  |
| Building remodeling                | Yes                             | Yes                                | Yes  |
| Mfg. machinery & equip.            | Yes                             | Yes                                | Yes  |
| Other machinery & equip.           | Yes                             | No                                 | No   |
| Racking, shelving, etc.            | Yes                             | No                                 | No   |
| Computer hardware                  | Yes                             | Yes                                | Yes  |
| Computer software                  | No                              | No                                 | No   |
| Furniture & fixtures               | Yes                             | Yes                                | No   |
| Working capital                    | No                              | No                                 | No   |
| Research & development             | No                              | No                                 | No   |
| Job training                       | No                              | No                                 | No   |
| Capital or synthetic lease         | No                              | Yes                                | Yes  |
| Rail improvements <sup>4</sup>     | Yes                             | Yes                                | Yes  |
| Public infrastructure <sup>5</sup> | Yes                             | Yes                                | Yes  |

<sup>1</sup> “Capital investment” is used to calculate project investment on depreciable assets.

<sup>2</sup> “Qualifying investment” is used to determine eligibility for EZ and HQJC programs.

<sup>3</sup> “Investment qualifying for tax credits” is used to calculate the maximum available tax credit award for a project.

<sup>4</sup> “Rail improvements” includes hard construction costs for rail improvements. (These costs are included as part of construction or site preparation costs.)

<sup>5</sup> “Public infrastructure” includes any publicly owned utility service such as water, sewer, storm sewer or roadway construction and improvements. (These costs are included as part of construction costs.)

[ARC 7970B, IAB 7/15/09, effective 7/1/09; ARC 8145B, IAB 9/23/09, effective 10/28/09]

These rules are intended to implement Iowa Code chapters 15, 15E and 15G as amended by 2009 Iowa Acts, Senate File 344.

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