

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

**261—174.1(15) Applicability.** This chapter is applicable to the programs identified in 261—173.1(15). [ARC 7970B, IAB 7/15/09, effective 7/1/09; ARC 8145B, IAB 9/23/09, effective 10/28/09; ARC 0442C, IAB 11/14/12, effective 12/19/12]

**261—174.2(15) Qualifying wage threshold calculations.**

**174.2(1) Annual updates.** The authority will update the qualifying wage thresholds described in this chapter annually each fiscal year. The thresholds will take effect on September 1 of each fiscal year and remain in effect until August 31 of the following fiscal year.

**174.2(2) Applicability to applications.** The qualifying wage threshold applicable to a project is the threshold in effect on the date the fully completed project application for the applicable program is received by the authority. If such an application is received but not acted upon by the board before the qualifying wage thresholds are updated, the thresholds in effect on the date the application was received will remain in effect for a period of three months notwithstanding that the thresholds are subsequently updated. The authority shall have sole discretion in determining whether an application is fully completed.

**174.2(3) Phase-in of large increases.** Notwithstanding the definition of laborshed wage in 261—Chapter 173, if the authority updates qualifying wage thresholds pursuant to subrule 174.2(1) and determines that, after calculation by IWD, the laborshed wage of a laborshed area would increase by more than one dollar per hour, the authority will limit the amount of that laborshed area's increase for that annual update to one dollar per hour. This subrule will be applied at each annual update pursuant to subrule 174.2(1) and will be applied by measuring the result of the calculation described in the definition of laborshed area against the most recent qualifying wage threshold published pursuant to subrule 174.2(1). Thus, this subrule will be applied in such a manner as to phase in the full amount of an earlier increase over more than one subsequent update. For example, if, at one annual update, a laborshed wage would increase by three dollars per hour over the current qualifying wage threshold, the authority will limit the amount of the increase in that first annual update to one dollar. But if, at the second annual update, the laborshed wage calculation performed pursuant to 261—Chapter 173 remains what it was at the time of the first annual update, then the authority will apply up to one additional dollar at the second annual update, and so on.

**174.2(4) Effective date and applicability.** The laborshed-based qualifying wage thresholds adopted in 2012 Iowa Acts, House File 2473, are effective beginning on July 1, 2012, and the authority will apply the provisions of this rule to all qualifying wage threshold calculations made or updated on or after that date.

[ARC 7970B, IAB 7/15/09, effective 7/1/09; ARC 8145B, IAB 9/23/09, effective 10/28/09; ARC 0442C, IAB 11/14/12, effective 12/19/12; ARC 6188C, IAB 2/9/22, effective 3/16/22]

**261—174.3(15) 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: IVF (2005)		Qualifying Wage Threshold Requirement	Can benefits value be added to the hourly wage to meet the qualifying 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: IVF(FES) or Program Funds		Qualifying Wage Threshold Requirement	Can benefits value be added to the hourly wage to meet the qualifying wage threshold?
CEBA:	Small business gap financing component	100% of average county wage or average regional wage, whichever is lower  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  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  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.* Rescinded IAB 6/24/15, effective 7/29/15.

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  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; ARC 0442C, IAB 11/14/12, effective 12/19/12; ARC 2038C, IAB 6/24/15, effective 7/29/15]

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

**261—174.5(15) Qualifying wage threshold requirements—on or after July 1, 2009, and on or before June 30, 2012.**

**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) 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. Rescinded IAB 6/24/15, effective 7/29/15.

**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 authority 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; ARC 0442C, IAB 11/14/12, effective 12/19/12; ARC 2038C, IAB 6/24/15, effective 7/29/15]

**261—174.6(15) Qualifying wage threshold requirements—effective on or after July 1, 2014.** 2014 Iowa Acts, House File 2448, (“the Act”) became effective on July 1, 2014. Among other things, the Act changed the qualifying wage thresholds applicable to HQJP and repealed the EZ program. As of July 1, 2014, the qualifying wage thresholds described in this rule shall be in effect.

**174.6(1) Enterprise zone (EZ) program.** The qualifying wage threshold requirement applicable to the EZ program is 90 percent of the laborshed wage. The wage threshold described in this subrule continues to apply to agreements entered into before July 1, 2014. However, no new agreements may be entered into on or after July 1, 2014.

**174.6(2) High quality jobs program (HQJP).** The qualifying wage threshold requirement applicable to HQJP is 120 percent of the laborshed wage unless subrule 174.6(3) or 174.6(4) applies to a project.

**174.6(3) HQJP projects in distressed areas.**

*a.* Notwithstanding subrule 174.6(2), the qualifying wage threshold requirement applicable to an HQJP project may be lowered to 100 percent of the laborshed wage if the eligible business is located in an economically distressed area.

*b.* For purposes of this subrule, “economically distressed area” means a county that ranks among the bottom 33 of all Iowa counties, as measured by either the average monthly unemployment level for the most recent 12-month period or the average annualized unemployment level for the most recent five-year period.

*c.* The authority will update the list of economically distressed areas according to the same schedule as the qualifying wage thresholds are updated pursuant to subrule 174.2(1) and will apply the provisions of subrule 174.2(2) to the list of economically distressed areas in the same manner.

**174.6(4) HQJP projects at brownfield or grayfield sites.**

*a.* Notwithstanding subrule 174.6(2), the qualifying wage threshold requirement applicable to an HQJP project may be lowered to 90 percent of the laborshed wage if the eligible business is located

at a brownfield site. The qualifying wage threshold for a brownfield site may be lowered to 90 percent regardless of where the project site is located as long as the project meets the requirements of a brownfield site.

*b.* Notwithstanding subrule 174.6(2), the qualifying wage threshold requirement applicable to an HQJP project may be lowered to 100 percent of the laborshed wage if the eligible business is located at a grayfield site. The qualifying wage threshold for a grayfield site may be lowered to 100 percent regardless of where the project site is located as long as the project meets the requirements of a grayfield site.

*c.* The authority may consult with the brownfield redevelopment advisory council established pursuant to Iowa Code section 15.294 in order to make a determination as to whether a project site meets the requirements of a brownfield site or grayfield site for purposes of this subrule. The determination as to whether a project site qualifies as a brownfield or grayfield site shall be within the discretion of the authority. In making such determinations, the authority will attempt to apply the same definition in substantially the same manner as similar definitions are applied by the brownfield redevelopment advisory council.

*d.* A project that does not meet the requirements of a brownfield site or grayfield site will be presumed to be a greenfield site.

**174.6(5)** *Economic development set aside (EDSA) program.* Rescinded IAB 6/24/15, effective 7/29/15.

[ARC 0442C, IAB 11/14/12, effective 12/19/12; ARC 1801C, IAB 12/24/14, effective 1/28/15; ARC 2038C, IAB 6/24/15, effective 7/29/15]

**261—174.7(15) Job obligations.** Jobs that will be created or retained as a result of a project's receiving state or federal financial assistance, project completion assistance, or tax incentives from the authority 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 contained in the contract between the authority 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; ARC 0442C, IAB 11/14/12, effective 12/19/12]

**261—174.8(15) 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 <b>only</b> OR the monetary equivalent	\$750 maximum for single coverage/ \$1500 maximum for family coverage	Yes	-Medical coverage (family portion) -Dental coverage (family portion) -Pension/401(k) (company's average contribution) -Profit-sharing plan -Life insurance -Short-/long-term disability insurance -Vision insurance -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/ \$1500 maximum for family coverage	No  (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
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/ \$1500 maximum for family coverage	Yes	-Medical coverage (family portion) -Dental coverage (family portion) -Pension/401(k) (company's average contribution) -Profit-sharing plan -Life insurance -Short-/long-term disability insurance -Vision insurance -Child care -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; ARC 0442C, IAB 11/14/12, effective 12/19/12; ARC 2038C, IAB 6/24/15, effective 7/29/15]

**261—174.9(15) Sufficient benefits requirement—on or after July 1, 2009.**

**174.9(1) Requirement.** To be eligible to receive state financial assistance, project completion assistance, or tax incentives, applicants shall offer sufficient benefits to each FTE permanent position. The term “sufficient benefits” is defined in rule 261—173.2(15). The board may consider alternative benefits packages or may adjust the requirement described in this rule to reflect the most current benefits package typically offered by employers.

**174.9(2) Options.** An employer meeting one of the following options will be found to meet the sufficient benefits requirement:

Option 1 80% Single Coverage	Option 2 50% Family Coverage	Option 3 Monetary Equivalent	
Pay 80% of premium costs for a standard medical and dental plan, single coverage.  \$750 maximum deductible	Pay 50% of premium costs for a standard medical and dental plan, family coverage.  \$1,500 maximum deductible	Provide medical and pay the monetary equivalent of Option 1 or Option 2 in supplemental employee benefits.	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; ARC 0442C, IAB 11/14/12, effective 12/19/12]

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

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

	Capital Investment <sup>1</sup>	Qualifying Investment <sup>2</sup>	Investment Qualifying for Tax Credits <sup>3</sup>
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; ARC 0442C, IAB 11/14/12, effective 12/19/12]

These rules are intended to implement Iowa Code chapters 15 and 15E and 2011 Iowa Code Supplement chapter 15G, subchapter I.

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