
FISCAL TOPICS

Fiscal Services Division

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Tax Credit: Iowa New Jobs Training Program

To support new employee training, the Iowa New Jobs Training Program allows a diversion of State withholding tax to assist qualified businesses that are creating new positions. Businesses participating in the Program may also be eligible for the [New Jobs Tax Credit](#).

A participating business partners with a community college, which sells bonds to finance the cost of the newly established training. The business diverts 1.5% of gross payroll from the State withholding taxes generated by the new positions to the community college to retire the bonds. Participating businesses must remit payments to the community colleges before making claims to the withholding tax credit. A Supplemental New Jobs Withholding Tax Credit is also available to businesses that have an Enterprise Zone Program award from the Iowa Economic Development Authority (IEDA) or that pass the established wage threshold. If eligible, the business diverts an additional 1.5% of gross payroll from the State withholding taxes generated by the new positions.

The New Jobs Tax Credit allows a 6.0% credit of the taxable wages for the new jobs up to the amount on which the employer is required to contribute to the State Unemployment Compensation Fund. The tax credit can be claimed in any tax year that either begins or ends during the term of the [260E](#) agreement and is available for corporate and individual income tax. The qualifying new job can only be claimed for the maximum of one year's employment wages. For a taxpayer to be eligible, the following requirements must be met:

- The new jobs are a direct result of the project covered by the agreement.
- Any new support role jobs plus the newly created jobs result in the company increasing employment at the agreement location by at least 10.0%.
- The new jobs plus the current year total employment at the agreement location exceeds the base employment as of the agreement date.

Tax Credit Background

- Enabling Legislation: 1983 Iowa Acts, chapter [171](#) (Job Training Programs at Area Schools Act)
- Iowa Code Citations:
 - Chapter [260E](#) — Program Description
 - Section [15A.7](#) — Individual Income Tax
 - Section [15A.8](#) — Corporate Income Tax
 - Section [422.11A](#) — Franchise Tax
 - Section [422.16A](#) — Insurance Premium Tax
 - Section [422.33](#)(6) — Moneys and Credits Tax

More Information

Department of Revenue Contingent Liabilities Report: tax.iowa.gov/reports?term_node_tid_depth=79

Department of Revenue Tax Credit Review:

tax.iowa.gov/sites/default/files/idr/job_training_programs_study_part1.pdf

Department of Revenue Tax Credit Users' Manual: tax.iowa.gov/sites/default/files/2020-11/TaxCreditsUsersManual2020.pdf

Legislative Services Agency Individual Income Tax Guide:

www.legis.iowa.gov/docs/publications/LG/711304.pdf

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- Administrative State Agencies: Iowa Economic Development Authority and Iowa Department of Revenue
- Sunset Date: None
- Transferable: No
- Refundable: No
- Carryforward: Any income tax credits in excess of tax liability can be carried forward for up to 10 years.
- Tax Review Committee Review Year: 2020

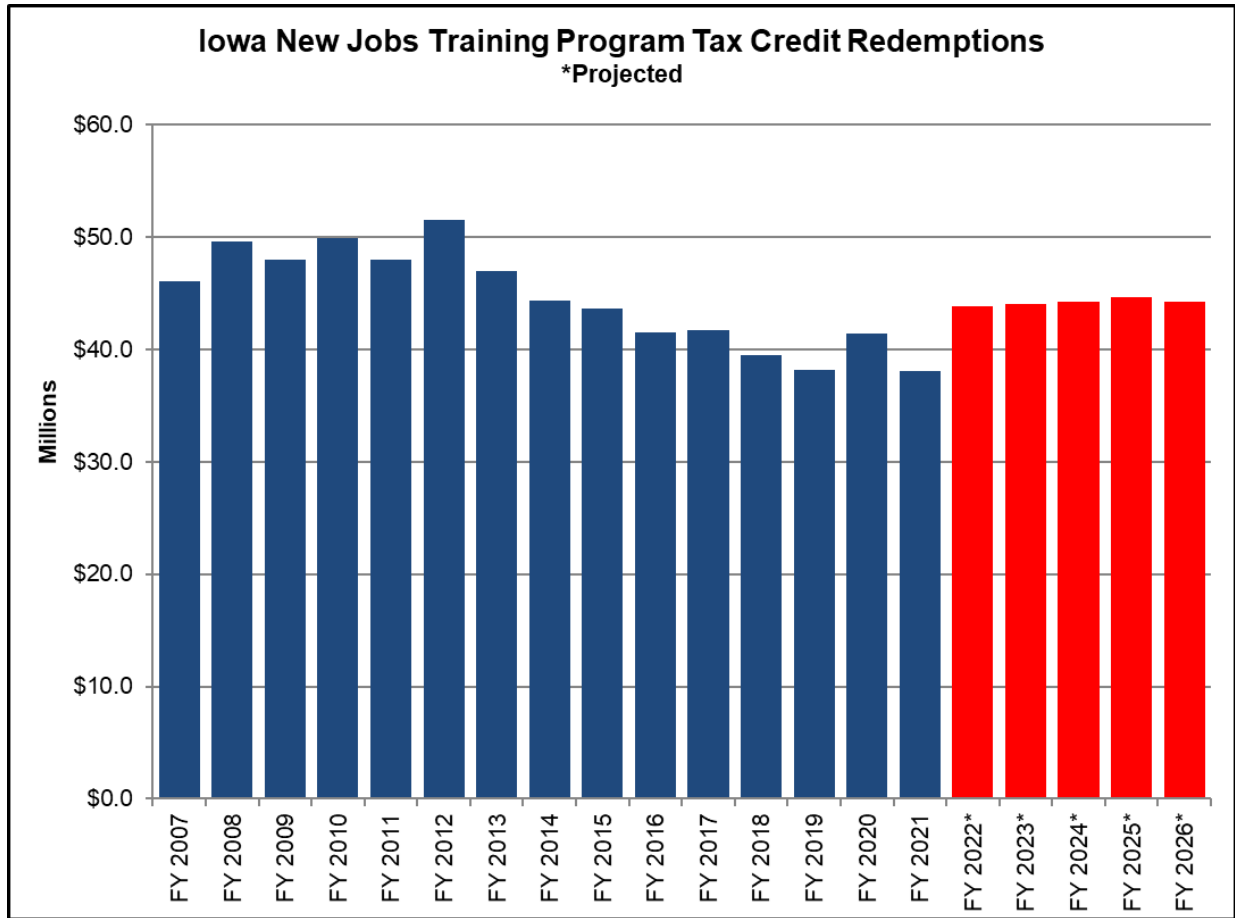
Legislative History

The Iowa New Jobs Training Program went into effect on July 1, 1983. During the 2012 Legislative Session, it was codified that for the purposes of this Program, an employee does not include a person not subject to the withholding of Iowa income tax due to a reciprocal agreement.

Tax Credit Review, Usage, and Future Liability

The Department of Revenue (IDR) reports on the annual credit usage for the Iowa New Jobs Training Program in its periodic [Contingent Liabilities Report](#). Based on Table 9 of the report, the following table and graph provide credit redemption history and projections for the Program on a fiscal year basis. The blue bars of the graph indicate the actual credit redemptions, while the red bars are the IDR projections of future redemptions.

Iowa New Jobs Training Program Tax Credit History			
* Projected			
<u>Fiscal Year</u>	<u>Tax Credit Redemptions</u>	<u>Fiscal Year</u>	<u>Tax Credit Redemptions</u>
FY 2007	\$ 46,061,419	FY 2017	\$ 41,673,751
FY 2008	49,582,154	FY 2018	39,483,082
FY 2009	48,033,011	FY 2019	38,143,923
FY 2010	49,958,842	FY 2020	41,428,090
FY 2011	48,032,817	FY 2021	38,026,665
FY 2012	51,487,759	FY 2022*	43,826,090
FY 2013	46,936,497	FY 2023*	44,055,123
FY 2014	44,359,819	FY 2024*	44,227,920
FY 2015	43,606,086	FY 2025*	44,681,622
FY 2016	41,536,337	FY 2026*	44,282,134



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