

Appropriations 4/24/85 Amend (4121) to the Bill 5/1 (p. 1852)

APR 19 1985

HOUSE FILE 766

APPROPRIATIONS CALENDAR

BY COMMITTEE ON APPROPRIATIONS

(Formerly House File 252)

Passed House, Date 4-26-85 (p. 1911) ^{Failed} Passed Senate, Date 5-2-85 (p. 1882)

Vote: Ayes 77 Nays 21 Vote: Ayes 21 Nays 24

^{Approved} May 30, 1985
^{Proposed House} 5-3-85 (p. 2285) ⁷⁴⁻¹⁹ ^{motion to rescind provided (p. 1888)} ^{Passed Senate} 5-3-85 (p. 1922) ⁴⁻⁴⁻⁰

A BILL FOR

1 An Act to establish an Iowa small business new jobs training
2 program and making an appropriation.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SENATE AMENDMENT TO HOUSE FILE 766

H-4254
1 Amend House File 766, as passed by the House, as
2 follows:
3 1. Page 6, lines 17 and 18, by striking the words
4 "department of job service" and inserting the words
5 "permanent school fund".
6 2. By striking page 7, line 22 through page 8,
7 line 4, and inserting in lieu thereof the following:
8 "Sec. 8. NEW SECTION. 280C.8 APPROPRIATIONS.
9 Notwithstanding sections 8.6, 292.1, 302.1 and
10 302.13, there is appropriated from the permanent
11 school fund, for the fiscal period beginning July 1,
12 1985 and ending June 30, 1988 the sum of one million
13 (1,000,000) dollars to provide funds for the purposes
14 of and deposits in the area school job training fund
15 created in section 280C.6. The money appropriated un-
16 der this section is a loan from the permanent school
17 fund to the area school job training fund. The
18 interest on the loan shall be prepaid for the period
19 of the loan from funds appropriated by this section.
20 The rate of interest shall be determined by the
21 treasurer of state. Notwithstanding section 8.33,
22 moneys remaining of the appropriations made under this
23 section on June 30, 1986 and June 30, 1987 shall not
24 revert to the permanent school fund but remain in the
25 area school job training fund. All moneys in the area
26 school job training fund on June 30, 1988 and each
27 fiscal year thereafter shall revert to the permanent
28 school fund. Moneys to repay the amount of the loan
29 from the permanent school fund shall be paid from
30 funds to be credited to the "Surplus" account of the
31 Iowa plan fund for economic development created in
32 1985 Iowa Act, House File 225."

H-4254 FILED MAY 3, 1985 RECEIVED FROM THE SENATE
CONCURRENT (p. 2285)

HF 766

1 Section 1. NEW SECTION. 280C.1 TITLE.

2 This chapter shall be known and may be cited as the "Iowa
3 small business new jobs training Act".

4 Sec. 2. NEW SECTION. 280C.2 DEFINITIONS.

5 When used in this chapter, unless the context otherwise
6 requires:

7 1. "New jobs training program" or "program" means the
8 project or projects established by an area school for the
9 creation of jobs by providing education and training of
10 workers for new jobs for a new or expanding small business in
11 the merged area served by the area school.

12 2. "Project" means a training arrangement which is the
13 subject of an agreement entered into between the area school
14 and an employer to provide program services.

15 3. "Program services" includes but is not limited to the
16 following:

17 a. New jobs training.

18 b. Adult basic education and job-related instruction.

19 c. Vocational and skill-assessment services and testing.

20 d. Training facilities, equipment, materials, and
21 supplies.

22 e. On-the-job training.

23 f. Administrative expenses for the new jobs training
24 program.

25 g. Subcontracted services with institutions governed by
26 the board of regents, private colleges or universities, or
27 other federal, state, or local agencies.

28 h. Contracted or professional services.

29 4. "Program costs" means all necessary and incidental
30 costs of providing program services.

31 5. "Employer" means the small business providing new jobs
32 in the merged area served by the area school and entering into
33 an agreement.

34 6. "Employee" means the person employed in a new job.

35 7. "Agreement" is the agreement between an employer and an

1 area school concerning a project.

2 8. "Area school" means a vocational school or a community
3 college established under chapter 280A.

4 9. "Board of directors" means the board of directors of an
5 area school.

6 10. "Incremental property taxes" means the taxes as
7 provided in section 280C.4.

8 11. "New jobs credit from withholding" means the credit as
9 provided in section 280C.5.

10 12. "Date of commencement of the project" means the date
11 of the agreement.

12 13. "Small business" means a business engaged in
13 interstate or intrastate commerce for the purpose of
14 manufacturing, processing, or assembling products, conducting
15 research and development, or providing services in interstate
16 commerce, but excludes retail, health, or professional
17 services and which meets the other criteria established by the
18 Iowa development commission. "Small business" does not
19 include a business which closes or substantially reduces its
20 operation in one area of the state of Iowa and relocates
21 substantially the same operation in another area of the state
22 of Iowa. This subsection does not prohibit a business from
23 expanding its operations in another area of the state provided
24 that existing operations of a similar nature are not closed or
25 substantially reduced. "Small business" does not include a
26 business whose training costs can be economically funded under
27 chapter 280B.

28 14. "New job" means a job in a new or expanding small
29 business but does not include jobs of recalled workers, or
30 replacement jobs or other jobs that formerly existed in the
31 small business in the state of Iowa.

32 Sec. 3. NEW SECTION. 280C.3 AGREEMENT.

33 An area school may enter into an agreement to establish a
34 project. However, before an area school and a small business
35 enter into an agreement to establish a project, the area

1 school shall consult with the local office of the department
2 of job service to determine if there already exists in the
3 community, a skilled or experienced group of unemployed
4 workers, as a result of a plant closing or reduction in force,
5 sufficiently large to supply the needs of the new or expanding
6 small business. If such a supply of workers exists, the area
7 school shall enter into the agreement only if the small
8 business agrees to give preference in training to those
9 workers over any other workers who do not have greater
10 qualifications. If an agreement is entered into, the area
11 school and the employer shall notify the department of revenue
12 as soon as possible. An agreement may provide, but is not
13 limited to:

14 1. Program costs, including deferred costs, may be paid
15 from one or a combination of the following sources:

16 a. Incremental property taxes to be received or derived
17 from an employer's business property where new jobs are
18 created as a result of the project.

19 b. New jobs credit from withholding to be received or
20 derived from new employment resulting from the project.

21 c. Tuition, student fees, or special charges fixed by the
22 board of directors to defray program costs in whole or in
23 part.

24 d. Guarantee of payments to be received under paragraph
25 "a," "b," or "c".

26 2. Payment of program costs shall not be deferred for a
27 period longer than ten years from the date of commencement of
28 the project.

29 3. Costs of on-the-job training for employees shall not
30 exceed fifty percent of the annual gross payroll costs for up
31 to one year of the new jobs. For purposes of this subsection,
32 "gross payroll" can be the gross wages, salaries, and benefits
33 for the jobs in training in the project.

34 4. A provision which fixes the minimum amount of
35 incremental property taxes, new jobs credit from withholding,

1 or tuition and fee payments which shall be paid for program
2 costs.

3 5. Any payments required to be made by an employer are a
4 lien upon the employer's business property until paid and have
5 equal precedence with ordinary taxes and shall not be divested
6 by a judicial sale. Property subject to the lien may be sold
7 for sums due and delinquent at a tax sale, with the same
8 forfeitures, penalties, and consequences as for the nonpayment
9 of ordinary taxes. The purchaser at tax sale obtains the
10 property subject to the remaining payments.

11 Sec. 4. NEW SECTION. 280C.4 INCREMENTAL PROPERTY TAXES.

12 If an agreement provides that all or part of program costs
13 are to be paid for by incremental property taxes, the board of
14 directors shall provide by resolution that taxes levied on the
15 employer's taxable business property, where new jobs are
16 created as a result of a project, each year by or for the
17 benefit of the state, city, county, school district, or other
18 taxing district after the effective date of the resolution
19 shall be divided as provided in section 403.19, subsections 1
20 and 2, in the same manner as if the employer's business
21 property, where new jobs are created as a result of a project,
22 was taxable property in an urban renewal project and the
23 resolution was an ordinance within the meaning of those
24 subsections. To the extent that the taxes received by the
25 board of directors represent repayments of an advance made
26 under section 280C.6 plus interest, the taxes shall be paid to
27 the treasurer of state. However, with respect to any urban
28 renewal project as to which an ordinance is in effect under
29 section 403.19, the collection of incremental property taxes
30 authorized by this chapter are suspended in favor of
31 collection of incremental taxes under section 403.19. As used
32 in this section, "taxes" includes, but is not limited to, all
33 levies on an ad valorem basis upon land or real property of
34 the employer's business, where new jobs are created as a
35 result of a project.

1 Sec. 5. NEW SECTION. 280C.5 NEW JOBS CREDIT FROM
2 WITHHOLDING.

3 If an agreement provides that all or part of program costs
4 are to be met by receipt of new jobs credit from withholding,
5 it shall be done as follows:

6 1. New jobs credit from withholding shall be based upon
7 the wages paid to the employees in the new jobs.

8 2. An amount equal to one and one-half percent of the
9 gross wages paid by the employer to each employee
10 participating in a project shall be credited from the payment
11 made by an employer pursuant to section 422.16. If the amount
12 of the withholding by the employer is less than one and one-
13 half percent of the gross wages paid to the employees covered
14 by the agreement, then the employer shall receive a credit
15 against other withholding taxes due by the employer. The
16 employer shall remit the amount of the credit quarterly in the
17 same manner as withholding payments are reported to the
18 department of revenue, to the area school. To the extent this
19 credit represents repayments of an advance made under section
20 280C.6 plus interest, it shall be paid to the treasurer of
21 state. When the repayments of an advance plus interest have
22 been paid, the employer credits shall cease and any money
23 received after this shall be remitted to the treasurer of
24 state to be deposited in the general fund of the state.

25 3. The employer shall certify to the department of revenue
26 that the credit in withholding is in accordance with an
27 agreement and shall provide other information the department
28 may require.

29 4. An area school shall certify to the department of
30 revenue the amount of new jobs credit from withholding an
31 employer has remitted to the area school and shall provide
32 other information the department may require.

33 5. An employee participating in a project will receive
34 full credit for the amount withheld as provided in section
35 422.16.

1 Sec. 6. NEW SECTION. 280C.6 JOB TRAINING FUND --
2 ADVANCES.

3 1. There is established for the area schools an area
4 school job training fund under the supervision of the
5 treasurer of state. The area school job training fund
6 consists of two separate accounts containing moneys as
7 follows:

8 a. An advance account to which is credited moneys
9 appropriated by the state under section 280C.8, plus the
10 interest from repayment of advances made to employers for
11 program costs. Moneys in this account shall be used to
12 provide advances to employers for program costs upon requests
13 of the boards of directors of the area schools.

14 b. A repayment account to which is credited the repayments
15 of the advances made to employers for program costs. At the
16 end of each calendar quarter, the treasurer of state shall
17 transfer the moneys in the account to the department of job
18 service as repayment of the appropriations made under section
19 280C.8. However, interest earned on moneys in the repayment
20 account shall be credited to the advance account created in
21 paragraph "a".

22 2. To provide funds for the present payment of the costs
23 of a new jobs training program by the employer, the area
24 school may provide to the employer an advance of the moneys to
25 be used to pay for the program costs as provided in the
26 agreement. To receive the funds for this advance from the
27 area school job training fund, the area school shall submit an
28 application to the treasurer of state. The treasurer shall
29 provide the funds to the extent available. The amount of the
30 advance shall not exceed seventy-five thousand dollars for any
31 project. The advance shall be repaid with interest from the
32 sources provided in the agreement. The rate of interest to be
33 charged for advances made in a calendar month is equal to one
34 half of the average rate of interest on certificates issued by
35 area schools pursuant to chapter 280B for the previous twelve

1 months. The rate shall be computed by the Iowa development
2 commission.

3 Sec. 7. NEW SECTION. 280C.7 DEVELOPMENT COMMISSION.

4 The Iowa development commission in consultation with the
5 department of public instruction, department of job service,
6 and the office for planning and programming shall coordinate
7 the new jobs training program. The Iowa development
8 commission shall adopt, amend, and repeal rules under chapter
9 17A that the area school will use in developing projects with
10 new and expanding small business new jobs training proposals.
11 The commission shall establish by rule criteria for
12 determining what constitutes a small business. The commission
13 is authorized to make any rule that is adopted, amended, or
14 repealed effective immediately upon filing with the
15 administrative rules coordinator or at a subsequent stated
16 date prior to indexing and publication, or at a stated date
17 less than thirty-five days after filing, indexing, and
18 publication. The Iowa development commission shall prepare an
19 annual report for the governor and general assembly on the
20 activities and the future anticipated needs of this new jobs
21 training program.

22 Sec. 8. NEW SECTION. 280C.8 APPROPRIATIONS.

23 There is appropriated from the temporary emergency
24 surcharge fund created in section 96.7, subsection 15, for the
25 fiscal period beginning July 1, 1985 and ending June 30, 1988
26 the sum of two million (2,000,000) dollars to provide funds
27 for the purposes of and deposits in the area school job
28 training fund created in section 280C.6. The money
29 appropriated under this section is a loan from the temporary
30 emergency surcharge fund to the area school job training fund
31 and shall be repaid with interest and when repaid shall be
32 deposited into the unemployment trust fund as provided in this
33 section and section 280C.6. Notwithstanding section 8.33,
34 moneys remaining of the appropriations made under this section
35 on June 30, 1986 and June 30, 1987 shall not revert to the

1 temporary emergency surcharge fund but remain in the area
2 school job training fund. All moneys in the area school job
3 training fund on June 30, 1988 and each fiscal year thereafter
4 shall revert to the unemployment trust fund.

5 Sec. 9. LEGISLATIVE INTENT. It is the intent of the
6 general assembly that this chapter 280C complement chapter
7 280B. One of the main features of chapter 280B is the
8 provision for the issuance of certificates by an area school
9 to pay program costs. These certificates are then repaid from
10 sources provided in the agreement between the area school and
11 the employer. However, the issuance of certificates in
12 relatively small amounts is difficult to sell. This affects
13 the ability of small business to make use of chapter 280B to
14 finance training programs. This chapter substitutes a
15 different funding mechanism for the issuance of certificates
16 with the intent that this chapter will make it easier for
17 those businesses.

18 EXPLANATION

19 This bill establishes an Iowa small business new jobs
20 training program patterned after the Iowa industrial new jobs
21 training program in chapter 280B (H.F. 623). This new program
22 is a mechanism for new or expanding small business in Iowa to
23 make arrangements for the training of new employees. An
24 employer would enter into an agreement with an area community
25 college to establish and provide for this training program.
26 The agreement may provide for the employer to reimburse or pay
27 for the costs of the program.

28 The program costs may be paid from any of the following
29 sources which are specified in the agreement:

30 1. Incremental property taxes which are those taxes levied
31 on the increase in valuation of some of the employer's
32 business property after a certain date. This is the same
33 process used by municipalities for their incremental financing
34 of urban development projects.

35 2. New jobs credit from withholding which is a credit of

1 one and one-half percent of the new employee's salary from the
2 personal income tax withholding payment made by the employer
3 to the state. The employer remits the credited amount to the
4 area community college to pay for program costs. The employee
5 receives full credit on the employee's state income tax
6 liability for the full amount withheld.

7 3. Tuition, student fees, user fees, and special charges.

8 Advances by the area community college may be provided to
9 the employer to finance the program costs. The repayment of
10 the advances plus interest will be from those sources
11 specified in the agreement.

12 The new jobs training program will be administered by area
13 community colleges which may subcontract with other Iowa pub-
14 lic and private colleges and universities and governmental
15 agencies.

16 An industry is prohibited from participating in this
17 program if it closes or reduces operations within the state
18 and moves the same operation to another part of the state.

19 The Iowa development commission will adopt rules for this
20 program.

21 Funding is provided by an appropriation by the state from
22 the temporary emergency surcharge fund within the department
23 of job service. This appropriation is treated as a loan and
24 must be repaid with interest and when repaid will be deposited
25 into the unemployment trust fund. The moneys appropriated
26 would go into an area school job training fund under the
27 supervision of the treasurer of state. Moneys in this fund
28 would not revert at the end of a fiscal year until the end of
29 1987-1988 fiscal year and then would revert to the
30 unemployment trust fund.

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1 Amend House File 766 as passed by the House as
 2 follows:
 3 1. Page 4, by inserting after line 10 the
 4 following:
 5 "Notwithstanding any other provision in this
 6 section, an agreement authorized in this chapter or
 7 chapter 280B shall not be executed until after a
 8 public hearing has been conducted by the board of
 9 directors. A notice of the public hearing shall be
 10 published at least once, not less than four days or
 11 not more than twenty days before the date of the
 12 public hearing. The publication of the notice must be
 13 in a newspaper published at least weekly and having
 14 general circulation in the county in which the
 15 district is located."

S-4156 Filed April 30, 1985

By HULTMAN

Revised not german 5/2/85 (p. 1882)

S-4161

HOUSE FILE 766

1 Amend House File 766 as passed by the House as
 2 follows:
 3 1. Page 6, lines 17 and 18, by striking the words
 4 "department of job service" and inserting the
 5 following: "permanent school fund".
 6 2. Page 7, by striking lines 23 and 24 and
 7 inserting the following:
 8 "Notwithstanding sections 8.6, 257A-7, 292.1,
 9 302.1, and 302.13, there is appropriated from the
 10 permanent school fund for the".
 11 3. Page 7, lines 29 and 30, by striking the words
 12 "temporary emergency surcharge" and inserting the
 13 following: "permanent school".
 14 4. Page 7, line 32, by striking the words
 15 "unemployment trust" and inserting the following:
 16 "permanent school".
 17 5. Page 8, line 1, by striking the words
 18 "temporary emergency surcharge" and inserting the
 19 following: "permanent school".
 20 6. Page 8, line 4, by striking the words
 21 "unemployment trust" and inserting the following:
 22 "permanent school".

S-4161 Filed May 1, 1985

By COMMITTEE ON APPROPRIATIONS

H/S 5/2 (p. 1883)

SENATE 3
MAY 3 Amendments

S-4218

HOUSE FILE 766

1 Amend House File 766, as passed by the House, as
2 follows:
3 1. Page 6, lines 17 and 18, by striking the words
4 "department of job service" and inserting the words
5 "permanent school fund".
6 2. By striking page 7, line 22 through page 8,
7 line 4, and inserting in lieu thereof the following:
8 "Sec. 8. NEW SECTION. 280C.8 APPROPRIATIONS.
9 Notwithstanding sections 8.6, 292.1, 302.1 and
10 302.13, there is appropriated from the permanent
11 school fund, for the fiscal period beginning July 1,
12 1985 and ending June 30, 1988 the sum of one million
13 (1,000,000) dollars to provide funds for the purposes
14 of and deposits in the area school job training fund
15 created in section 280C.6. The money appropriated un-
16 der this section is a loan from the permanent school
17 fund to the area school job training fund. The
18 interest on the loan shall be prepaid for the period
19 of the loan from funds appropriated by this section.
20 The rate of interest shall be determined by the
21 treasurer of state. Notwithstanding section 8.33,
22 moneys remaining of the appropriations made under this
23 section on June 30, 1986 and June 30, 1987 shall not
24 revert to the permanent school fund but remain in the
25 area school job training fund. All moneys in the area
26 school job training fund on June 30, 1988 and each
27 fiscal year thereafter shall revert to the permanent
28 school fund. Moneys to repay the amount of the loan
29 from the permanent school fund shall be paid from
30 funds to be credited to the "Surplus" account of the
31 Iowa plan fund for economic development created in
32 1985 Iowa Act, House File 225."

Adopted 5/3/85 (p. 1922)

S-4218 Filed May 3, 1985

By SMALL & HULTMAN

HOUSE FILE 766

AN ACT

TO ESTABLISH AN IOWA SMALL BUSINESS NEW JOBS TRAINING PROGRAM
AND MAKING AN APPROPRIATION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 280C.1 TITLE.

This chapter shall be known and may be cited as the "Iowa small business new jobs training Act".

Sec. 2. NEW SECTION. 280C.2 DEFINITIONS.

When used in this chapter, unless the context otherwise requires:

1. "New jobs training program" or "program" means the project or projects established by an area school for the creation of jobs by providing education and training of workers for new jobs for a new or expanding small business in the merged area served by the area school.

2. "Project" means a training arrangement which is the subject of an agreement entered into between the area school and an employer to provide program services.

3. "Program services" includes but is not limited to the following:

a. New jobs training.

b. Adult basic education and job-related instruction.
c. Vocational and 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.

4. "Program costs" means all necessary and incidental costs of providing program services.

5. "Employer" means the small business providing new jobs in the merged area served by the area school and entering into an agreement.

6. "Employee" means the person employed in a new job.

7. "Agreement" is the agreement between an employer and an area school concerning a project.

8. "Area school" means a vocational school or a community college established under chapter 280A.

9. "Board of directors" means the board of directors of an area school.

10. "Incremental property taxes" means the taxes as provided in section 280C.4.

11. "New jobs credit from withholding" means the credit as provided in section 280C.5.

12. "Date of commencement of the project" means the date of the agreement.

13. "Small business" 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 and which meets the other criteria established by the

Iowa development commission. "Small business" 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. "Small business" does not include a business whose training costs can be economically funded under chapter 280B.

14. "New job" means a job in a new or expanding small business but does not include jobs of recalled workers, or replacement jobs or other jobs that formerly existed in the small business in the state of Iowa.

Sec. 3. NEW SECTION. 280C.3 AGREEMENT.

An area school may enter into an agreement to establish a project. However, before an area school and a small business enter into an agreement to establish a project, the area school shall consult with the local office of the department of job service to determine if there already exists in the community, a skilled or experienced group of unemployed workers, as a result of a plant closing or reduction in force, sufficiently large to supply the needs of the new or expanding small business. If such a supply of workers exists, the area school shall enter into the agreement only if the small business agrees to give preference in training to those workers over any other workers who do not have greater qualifications. If an agreement is entered into, the area school and the employer shall notify the department of revenue as soon as possible. An agreement may provide, but is not limited to:

1. Program costs, including deferred costs, 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. 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.

Sec. 4. NEW SECTION. 280C.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. To the extent that the taxes received by the board of directors represent repayments of an advance made under section 280C.6 plus interest, the taxes shall be paid to the treasurer of state. 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.

Sec. 5. NEW SECTION. 280C.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 area school. To the extent this

credit represents repayments of an advance made under section 280C.6 plus interest, it shall be paid to the treasurer of state. When the repayments of an advance plus interest have been paid, the employer credits shall cease and any money received after this shall be remitted to the treasurer of state to be deposited in the general fund of the state.

3. 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.

4. An area school shall certify to the department of revenue the amount of new jobs credit from withholding an employer has remitted to the area school and shall provide other information the department may require.

5. An employee participating in a project will receive full credit for the amount withheld as provided in section 422.16.

Sec. 6. NEW SECTION. 280C.6 JOB TRAINING FUND -- ADVANCES.

1. There is established for the area schools an area school job training fund under the supervision of the treasurer of state. The area school job training fund consists of two separate accounts containing moneys as follows:

- a. An advance account to which is credited moneys appropriated by the state under section 280C.8, plus the interest from repayment of advances made to employers for program costs. Moneys in this account shall be used to provide advances to employers for program costs upon requests of the boards of directors of the area schools.
- b. A repayment account to which is credited the repayments of the advances made to employers for program costs. At the end of each calendar quarter, the treasurer of state shall transfer the moneys in the account to the permanent school fund as repayment of the appropriations made under section

280C.8. However, interest earned on moneys in the repayment account shall be credited to the advance account created in paragraph "a".

3. To provide funds for the present payment of the costs of a new jobs training program by the employer, the area school may provide to the employer an advance of the moneys to be used to pay for the program costs as provided in the agreement. To receive the funds for this advance from the area school job training fund, the area school shall submit an application to the treasurer of state. The treasurer shall provide the funds to the extent available. The amount of the advance shall not exceed seventy-five thousand dollars for any project. The advance shall be repaid with interest from the sources provided in the agreement. The rate of interest to be charged for advances made in a calendar month is equal to one half of the average rate of interest on certificates issued by area schools pursuant to chapter 280B for the previous twelve months. The rate shall be computed by the Iowa development commission.

Sec. 7. NEW SECTION. 280C.7 DEVELOPMENT COMMISSION.

The Iowa development commission in consultation with the department of public instruction, department of job service, and the office for planning and programming shall coordinate the new jobs training program. The Iowa development commission shall adopt, amend, and repeal rules under chapter 17A that the area school will use in developing projects with new and expanding small business new jobs training proposals. The commission shall establish by rule criteria for determining what constitutes a small business. The commission 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. The Iowa development commission shall prepare an

annual report for the governor and general assembly on the activities and the future anticipated needs of this new jobs training program.

Sec. 8. NEW SECTION. 280C.8 APPROPRIATIONS.

Notwithstanding sections 8.6, 292.1, 302.1 and 302.13, there is appropriated from the permanent school fund, for the fiscal period beginning July 1, 1985 and ending June 30, 1988 the sum of one million (1,000,000) dollars to provide funds for the purposes of and deposits in the area school job training fund created in section 280C.6. The money appropriated under this section is a loan from the permanent school fund to the area school job training fund. The interest on the loan shall be prepaid for the period of the loan from funds appropriated by this section. The rate of interest shall be determined by the treasurer of state. Notwithstanding section 8.33, moneys remaining of the appropriations made under this section on June 30, 1986 and June 30, 1987 shall not revert to the permanent school fund but remain in the area school job training fund. All moneys in the area school job training fund on June 30, 1988 and each fiscal year thereafter shall revert to the permanent school fund. Moneys to repay the amount of the loan from the permanent school fund shall be paid from funds to be credited to the "Surplus" account of the Iowa plan fund for economic development created in 1985 Iowa Act, House File 225.

Sec. 9. LEGISLATIVE INTENT. It is the intent of the general assembly that this chapter 280C complement chapter 280B. One of the main features of chapter 280B is the provision for the issuance of certificates by an area school to pay program costs. These certificates are then repaid from sources provided in the agreement between the area school and the employer. However, the issuance of certificates in relatively small amounts is difficult to sell. This affects the ability of small business to make use of chapter 280B to finance training programs. This chapter substitutes a

different funding mechanism for the issuance of certificates with the intent that this chapter will make it easier for those businesses.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 766, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved May 30, 1985

TERRY E. BRANSTAD
Governor

H.F. 766