

FEB 21 1996
WAYS AND MEANS

HOUSE FILE 2279
BY DAGGETT

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the funding of job training projects.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2279

1 Section 1. Section 260E.2, subsection 8, Code 1995, is
2 amended by striking the subsection.

3 Sec. 2. Section 260E.3, subsection 1, Code Supplement
4 1995, is amended to read as follows:

5 1. A community college may enter into an agreement to
6 establish a project. If an agreement is entered into, the
7 community college and the employer shall notify the department
8 of revenue and finance as soon as possible. An agreement
9 shall provide for program costs, including deferred costs,
10 which may be paid from one or a combination of the following
11 sources:

12 ~~a. Incremental property taxes to be received or derived~~
13 ~~from an employer's business property where new jobs are~~
14 ~~created as a result of the project.~~

15 ~~b. a.~~ New jobs credit from withholding to be received or
16 derived from new employment resulting from the project.

17 ~~c. b.~~ Tuition, student fees, or special charges fixed by
18 the board of directors to defray program costs in whole or in
19 part.

20 ~~d. c.~~ Guarantee of payments to be received under paragraph
21 ~~"a," "b," or "c"~~ "a" or "b".

22 Sec. 3. Section 260E.3, subsection 4, Code Supplement
23 1995, is amended by striking the subsection.

24 Sec. 4. Section 260E.5, subsection 2, Code 1995, is
25 amended to read as follows:

26 2. An amount equal to ~~one and one-half~~ three percent of
27 the gross wages paid by the employer to each employee
28 participating in a project shall be credited from the payment
29 made by an employer pursuant to section 422.16. If the amount
30 of the withholding by the employer is less than ~~one and one-~~
31 ~~half~~ three percent of the gross wages paid to the employees
32 covered by the agreement, then the employer shall receive a
33 credit against other withholding taxes due by the employer.
34 The employer shall remit the amount of the credit quarterly in
35 the same manner as withholding payments are reported to the

1 department of revenue and finance, to the community college to
 2 be allocated to and when collected paid into a special fund of
 3 the community college to pay the principal of and interest on
 4 certificates issued by the community college to finance or
 5 refinance, in whole or in part, the project. When the
 6 principal and interest on the certificates have been paid, the
 7 employer credits shall cease and any money received after the
 8 certificates have been paid shall be remitted to the treasurer
 9 of state to be deposited in the general fund of the state.

10 Sec. 5. Section 260F.2, subsection 7, Code 1995, is
 11 amended by striking the subsection.

12 Sec. 6. Section 260F.3, subsection 1, Code 1995, is
 13 amended to read as follows:

14 1. A community college may enter into an agreement to
 15 establish a project. If an agreement is entered into, the
 16 community college and the business shall notify the department
 17 of revenue and finance as soon as possible. An agreement
 18 shall provide for program costs, including deferred costs, for
 19 a project creating new jobs by providing education and
 20 training of workers for a new or expanding small business
 21 which may be paid from one or a combination of the following
 22 sources:

23 ~~a. Incremental property taxes to be received or derived~~
 24 ~~from the business property where new jobs are created as a~~
 25 ~~result of the project.~~

26 ~~b. a.~~ New jobs credit from withholding to be received or
 27 derived from new employment resulting from the project.

28 ~~c. b.~~ Tuition, student fees, or special charges fixed by
 29 the board of directors to defray program costs in whole or in
 30 part.

31 ~~d. c.~~ Guarantee of payments to be received under paragraph
 32 ~~"a", "b", or "c"~~ "a" or "b".

33 Sec. 7. Section 260F.3, subsection 5, Code 1995, is
 34 amended by striking the subsection.

35 Sec. 8. Section 260F.5, subsection 2, Code 1995, is

1 amended to read as follows:

2 2. An amount equal to ~~one-and-one-half~~ three percent of
3 the gross wages paid by the business to each employee
4 participating in a project shall be credited from the payment
5 made by a business pursuant to section 422.16. If the amount
6 of the withholding by the business is less than ~~one-and-one-~~
7 ~~half~~ three percent of the gross wages paid to the employees
8 covered by the agreement, then the business shall receive a
9 credit against other withholding taxes due by the business.
10 The business shall remit the amount of the credit quarterly in
11 the same manner as withholding payments are reported to the
12 department of revenue and finance, to the community college.
13 To the extent this credit represents repayments of an advance
14 made under section 260F.6 plus interest, it shall be paid to
15 the treasurer of state. When the repayments of an advance
16 plus interest have been paid, the business credits shall cease
17 and any money received after this shall be remitted to the
18 treasurer of state to be deposited in the general fund of the
19 state.

20 Sec. 9. Section 403.19, subsection 1, paragraph c, Code
21 1995, is amended by striking the paragraph.

22 Sec. 10. REPEAL. Sections 260E.4, 260F.4, and 403.21,
23 Code 1995, are repealed.

24 EXPLANATION

25 This bill repeals the provisions which authorize the use of
26 incremental property taxes to fund projects under the Iowa
27 industrial new jobs training Act (chapter 260E) or the Iowa
28 small business new jobs training Act (chapter 260F).

29 The bill also increases the maximum credit from income tax
30 withholding which may be used to fund job training projects
31 under chapter 260E or 260F from 1.5 percent to 3 percent.

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