

FEB 26 1996

Place On Calendar

HOUSE FILE 2338
BY COMMITTEE ON ECONOMIC
DEVELOPMENT

(SUCCESSOR TO HSB 587)

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

A BILL FOR

1 An Act relating to the moneys available to the workforce
2 development fund and the duration of the fund.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2338

1 Section 1. Section 15.343, subsection 1, paragraph c, Code
2 Supplement 1995, is amended to read as follows:

3 c. Repayment moneys pursuant to section 422.16A, up to a
4 maximum of two ten million dollars each year.

5 Sec. 2. Section 422.16A, Code Supplement 1995, is amended
6 to read as follows:

7 422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND
8 TRANSFER.

9 Upon payment in full of a certificate of participation or
10 other obligation issued to fund a job training program under
11 chapter 260E, the community college providing the job training
12 program shall notify the department of economic development of
13 the amount paid by the employer or business to the community
14 college to retire the certificate during the previous twelve
15 months. The department of economic development shall notify
16 the department of revenue and finance of that amount. The
17 department shall credit to the workforce development fund
18 established in section 15.343 twenty-five percent of that
19 amount each quarter for a period of ten years. If the amount
20 of withholding from the business or employer is insufficient,
21 the department shall prorate the quarterly amount credited to
22 the workforce development fund. The maximum amount from all
23 employers which shall be transferred to the workforce
24 development fund in any year is two ten million dollars.

25 Sec. 3. 1995 Iowa Acts, chapter 184, section 12, is
26 amended by striking the section.

27 EXPLANATION

28 This bill provides for raising the current \$2,000,000 per
29 year cap to \$10,000,000 on the amount which can be transferred
30 into the workforce development fund from employer withholding
31 amounts previously used to retire job training program
32 certificates under chapter 260E. The bill also strikes the
33 provision from House File 573, 1995 Session, which sunsets the
34 workforce development fund program in 1997.

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**HOUSE FILE 2338
FISCAL NOTE**

A fiscal note for House File 2338 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2338 repeals the sunset of the Workforce Development Fund Program and raises the Fund cap to \$10.0 million from the current level of \$2.0 million.

Beginning in FY 1998, under current law, a portion of State withholding for workers employed by companies participating in the Industrial New Jobs Training Program is earmarked for the payment of bonds issued by community colleges. When the bonds are retired, the withholding would go to the State General Fund. House File 2338 provides for an earmark of this funding stream for an additional ten years after the bonds are retired. The funds would be deposited in the Workforce Development Fund to be used for purposes of the Fund.

House File 573, passed during the 1995 Legislative Session, approved the Workforce Development Fund earmark through FY 1997 and capped the Fund at \$2.0 million.

ASSUMPTIONS

1. Industrial New Jobs Training certificates are retired in eight years, on average.
2. An average of \$15.0 million in new certificates is expected to be issued annually in FY 1997 and subsequent fiscal years.
3. This estimate assumes businesses participating in the Industrial New Jobs Training Program leverage employees' withholding to the maximum allowed under current law (1.5% of wages).
4. This estimate does not take into account any offsetting impact or behavioral effects resulting from Workforce Development Fund Program expenditures.

FISCAL IMPACT

House File 2338 is expected to result in a decrease in revenue to the General Fund of approximately \$1.2 million in FY 1997, \$5.0 million in FY 1998, and \$6.9 million in FY 1999. The impact is expected to grow gradually, but is prevented under the Bill from exceeding \$10.0 million annually.

SOURCES

Department of Economic Development
Community Colleges

(LSB 3700hv, JAM)

FILED MARCH 5, 1996

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2338

H-5726

1 Amend House File 2338 as follows:

2 1. Page 1, by inserting after line 4 the
3 following:

4 "Sec. ____ . Section 15.343, subsection 2, Code
5 Supplement 1995, is amended by adding the following
6 new unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. Notwithstanding
8 paragraphs "a" through "e", at least one million
9 dollars of the assets of the fund shall be used each
10 year for a summer youth program to serve youth in
11 areas with high juvenile crime rates and high minority
12 populations in cities with populations exceeding fifty
13 thousand according to the 1990 census."

14 2. Title page, line 2, by inserting after the
15 words "development fund" the following: ", the use of
16 the assets of the fund,".

17 3. By renumbering as necessary.

By SHOULTZ of Black Hawk
WITT of Black Hawk

H-5726 FILED MARCH 28, 1996

Nelson, B., Chair
Heaton
McCoy
Brand
Bradley

HSB 587

ECONOMIC DEVELOPMENT

Succeeded By

(SF) HF 2338

SENATE/HOUSE FILE _____

BY (PROPOSED GOVERNOR'S BILL)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

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1 Section 1. Section 15.343, subsection 1, paragraph c, Code
2 Supplement 1995, is amended to read as follows:

3 c. Repayment moneys pursuant to section 422.16A~~7-up-to-a~~
4 ~~maximum-of-two-million-dollars-each-year.~~

5 Sec. 2. Section 422.16A, Code Supplement 1995, is amended
6 to read as follows:

7 422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND
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14 college to retire the certificate during the previous twelve
15 months. The department of economic development shall notify
16 the department of revenue and finance of that amount. The
17 department shall credit to the workforce development fund
18 established in section 15.343 twenty-five percent of that
19 amount each quarter for a period of ten years. If the amount
20 of withholding from the business or employer is insufficient,
21 the department shall prorate the quarterly amount credited to
22 the workforce development fund. ~~The-maximum-amount-from-all~~
23 ~~employers-which-shall-be-transferred-to-the-workforce~~
24 ~~development-fund-in-any-year-is-two-million-dollars.~~

25 Sec. 3. 1995 Iowa Acts, chapter 184, section 12, is
26 amended by striking the section.

27 EXPLANATION

28 This bill eliminates the \$2,000,000 per year cap on the
29 amount which can be transferred into the workforce development
30 fund from employer withholding amounts previously used to
31 retire job training program certificates under chapter 260E.
32 The bill also strikes the provision from House File 573, 1995
33 Session, which sunsets the workforce development fund program
34 in 1997.

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