

3/4/96 Referred to W. & memo  
3/7/96 Do Pass

REPRINTED

FILED FEB 28 1996

SENATE FILE **2351**

BY COMMITTEE ON SMALL BUSINESS,  
ECONOMIC DEVELOPMENT AND  
TOURISM

(SUCCESSOR TO SSB 2286)

Passed Senate, Date (P. 825) 3/18/96 Passed House, Date (P. 1629) 4/15/96  
Vote: Ayes 49 Nays 0 Vote: Ayes 93 Nays 0  
Approved 4-30-96

A BILL FOR

1 An Act relating to department of economic development programs,  
2 including the workforce development fund program and the Iowa  
3 small business new jobs training Act, providing a supplemental  
4 new jobs credit from withholding, establishing a rural  
5 microbusiness assistance program, increasing the funds  
6 available for the value-added agricultural products and  
7 processes program, and making an annual allocation from an  
8 appropriation.

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

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21

S.F. 2351

REPLIMED

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

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

6 Sec. 2. Section 15.343, subsection 1, Code Supplement  
7 1995, is amended by adding the following new paragraph:

8 NEW PARAGRAPH. d. The innovative skill development  
9 account created in section 15.349.

10 Sec. 3. NEW SECTION. 15.349 INNOVATIVE SKILL DEVELOPMENT  
11 ACCOUNT.

12 An innovative skill development account is created within  
13 the workforce development fund to be used by the department to  
14 support innovative skill development training for Iowa  
15 businesses. Training to be funded shall include but is not  
16 limited to business network training programs, innovative  
17 apprenticeship programs for emerging industries, and critical  
18 skill training for industries experiencing labor shortages.  
19 The department shall adopt rules governing the operation of  
20 and eligibility for participation beginning July 1, 1996, in  
21 the account.

22 Sec. 4. NEW SECTION. 15A.7 SUPPLEMENTAL NEW JOBS CREDIT  
23 FROM WITHHOLDING.

24 In order to promote the creation of additional high-quality  
25 new jobs within the state, an agreement under section 260E.3  
26 may include a provision for a supplemental new jobs credit  
27 from withholding from jobs created under the agreement. An  
28 agreement which includes a supplemental credit from  
29 withholding shall provide for the following:

30 1. That the project shall be administered in the same  
31 manner as a project under chapter 260E and that a supplemental  
32 new jobs credit from withholding in an amount equal to one and  
33 one-half percent of the gross wages paid by the employer  
34 pursuant to section 422.16 is authorized to fund the program  
35 services for the additional project.

1 2. That the supplemental new jobs credit from withholding  
2 shall be collected, accounted for, and may be pledged by the  
3 community college in the same manner as described in section  
4 260E.5.

5 3. That the employer shall pay wages for the jobs for  
6 which the credit is taken of at least the average county wage  
7 to remain eligible for the project.

8 4. To provide funds for the payment of the costs of the  
9 additional project, a community college may borrow money,  
10 issue and sell certificates, and secure the payment of the  
11 certificates in the same manner as described in section  
12 260E.6, including, but not limited to, providing the  
13 assessment of an annual levy as described in section 260E.6,  
14 subsection 4. The program and credit authorized by this  
15 subsection is in addition to, and not in lieu of, the program  
16 and credit authorized in chapter 260E.

17 Sec. 5. Section 15E.112, subsection 1, Code 1995, is  
18 amended to read as follows:

19 1. A value-added agricultural products and processes  
20 financial assistance fund is created within the state treasury  
21 under the control of the department. The fund shall consist  
22 of any money appropriated by the general assembly and any  
23 other moneys available to and obtained or accepted by the  
24 department from the federal government or private sources for  
25 placement in the fund. Until July 1, 2000, moneys shall be  
26 deposited in the fund as provided in section 423.24. Not more  
27 than ~~one~~ four percent of the total moneys available to support  
28 value-added agricultural products and processes pursuant to  
29 section 423.24 during each quarter shall be used by the  
30 department for administration of the value-added agricultural  
31 products and processes financial assistance program, as  
32 provided in section 15E.111. The assets of the fund shall be  
33 used by the department only for carrying out the purposes of  
34 section 15E.111.

35 Sec. 6. NEW SECTION. 15E.113 MICROBUSINESS RURAL

1 ENTERPRISE ASSISTANCE.

2 1. As used in this section:

3 a. "Department" means the department of economic  
4 development.

5 b. "Microbusiness" or "microbusiness enterprise" means a  
6 business producing services with five or fewer full-time  
7 equivalent employee positions and with assistance requirements  
8 of not more than twenty-five thousand dollars.

9 c. "Microbusiness organization" means a nonprofit  
10 corporation organized under chapter 504A which is exempt from  
11 taxation pursuant to section 501(c) of the Internal Revenue  
12 Code and which has a principal mission of actively engaging in  
13 microbusiness development, training, technical assistance, and  
14 capital access for the start-up or expansion of  
15 microbusinesses.

16 2. The department shall allocate one hundred twenty-five  
17 thousand dollars each year from the value-added agricultural  
18 products and processes financial assistance fund to be used  
19 for the purpose of conducting a microbusiness rural enterprise  
20 assistance program.

21 3. The department may contract with a microenterprise  
22 organization actively engaged in microbusiness enterprise to  
23 assist in the establishment of this program. In order to  
24 qualify for the contract, the microenterprise organization  
25 shall do all of the following:

26 a. Demonstrate a past performance of and a capacity to  
27 successfully engage in microbusiness development.

28 b. Have a statewide commitment to and focus on  
29 microbusiness development.

30 c. Provide training and technical assistance.

31 d. Demonstrate an ability to provide access to capital for  
32 start-up or expansion of a microbusiness.

33 e. Have established linkages with financial institutions.

34 f. Demonstrate an ability to provide follow-up technical  
35 assistance after a microbusiness start-up or expansion.

1 4. Moneys allocated pursuant to this section which remain  
2 unexpended or unobligated at the end of a fiscal year shall  
3 remain available to the department to support the assistance  
4 program or may be credited to the value-added agricultural  
5 products and processes financial assistance fund created in  
6 section 15E.112 and shall not revert notwithstanding section  
7 8.33.

8 5. The department shall submit a report in accordance with  
9 section 7A.11 not later than November 1 of each year detailing  
10 the activities of the microenterprise organization and  
11 describing the success of the project.

12 Sec. 7. Section 260F.1, Code 1995, is amended to read as  
13 follows:

14 260F.1 TITLE.

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

17 Sec. 8. Section 260F.2, Code 1995, is amended to read as  
18 follows:

19 260F.2 DEFINITIONS.

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

22 1. "Agreement" is the agreement between a business and a  
23 community college concerning a project.

24 ~~2. "Board of directors" means the board of directors of a~~  
25 ~~community college.~~

26 ~~3.~~ 2. "Community college" means a community college  
27 established under chapter 260C.

28 ~~4.~~ 3. "Date of commencement of the project" means the date  
29 of the preliminary agreement or the date an application for  
30 assistance is received by the department.

31 4. "Department" means the department of economic  
32 development.

33 5. "Eligible business" or "business" means a business  
34 training employees which is engaged in interstate or  
35 intrastate commerce for the purpose of manufacturing,

1 processing, or assembling products, conducting research and  
2 development, or providing services in interstate commerce, but  
3 excludes retail, health, or professional services and which  
4 meets the other criteria established by the Iowa department of  
5 economic-development. "Eligible-business"-does-not-include-a  
6 business-which-closes-or-substantially-reduces-its-operation  
7 in-one-area-of-the-state-of-Iowa-and-relocates-substantially  
8 the-same-operation-in-another-area-of-the-state-of-Iowa.--This  
9 subsection-does-not-prohibit-a-business-from-expanding-its  
10 operations-in-another-area-of-the-state-provided-that-existing  
11 operations-of-a-similar-nature-are-not-closed-or-substantially  
12 reduced.--"Small "Eligible business" does not include a  
13 business whose training costs can be economically funded under  
14 chapter 260E, a business which closes or substantially reduces  
15 its employment base in order to relocate substantially the  
16 same operation to another area of the state, or a business  
17 which is involved in a strike, lockout, or other labor  
18 dispute.

19 "Eligible-business"-includes-the-following:

20 a.--Retraining-business-which-is-currently-conducting  
21 retooling-of-a-production-facility-

22 b.--Small-business-which-meets-other-criteria-established  
23 by-the-department-of-economic-development-relating-to-business  
24 size-

25 6. "Employee" means the-person-employed-in-a-new-job-by-a  
26 small-business-or a person currently employed by a business  
27 who is to be retrained trained. However, "employee" does not  
28 include replacement workers who are hired as a result of a  
29 strike, lockout, or other labor dispute.

30 7.--"Incremental-property-taxes"-means-the-taxes-as  
31 provided-in-section-260F-4-

32 8- 7. "Jobs training program" or "program" means the  
33 project or projects established by a community college for the  
34 creation-of-jobs-by-providing-education-and-training-of  
35 workers-for-new-jobs-for-a-new-or-expanding-small-business-or

1 for-the-retraining-of-workers-of-an-existing-business training  
2 of employees.

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

7 10.--"New-jobs-credit-from-withholding"-means-the-credit-as  
8 provided-in-section-260F.5.

9 11. 8. "Participating business" means the-small-business  
10 providing-new-jobs-or-retraining-jobs-and a business training  
11 employees which enters into an agreement with the community  
12 college.

13 12. 9. "Program costs" means all necessary and incidental  
14 costs of providing program services.

15 13. 10. "Program services" includes but is not limited to  
16 the following:

17 a.--New-jobs-training.

18 b. a. Retraining Training of existing-workers employees.

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

20 d. c. Vocational and skill-assessment services and  
21 testing.

22 e. d. Training facilities, equipment, materials, and  
23 supplies.

24 f.--On-the-job-training.

25 g. e. Administrative expenses for the jobs training  
26 program.

27 h. f. Subcontracted services with institutions governed by  
28 the state board of regents, private colleges or universities,  
29 or other federal, state, or local agencies.

30 i. g. Contracted or professional services.

31 14. 11. "Project" means a training arrangement which is  
32 the subject of an agreement entered into between the community  
33 college and a business to provide program services.

34 15.--"Retooling"-means-upgrading,modernizing,or-expanding  
35 a-business-to-increase-the-production-or-efficiency-of

1 business-operations-including,-but-not-limited-to,-replacing  
2 equipment,-introducing-new-manufacturing-processes,-or  
3 changing-managerial-procedures:

4 16.--"Retraining-job"-means-a-job-with-an-existing-business  
5 that-is-substantially-at-risk-of-becoming-displaced-within-the  
6 following-ten-years-due-to-the-retooling-of-the-business:

7 Sec. 9. Section 260F.3, Code 1995, is amended by striking  
8 the section and inserting in lieu thereof the following:

9 260F.3 AGREEMENT.

10 A community college may enter into an agreement to  
11 establish a project. An agreement shall provide for, but is  
12 not limited to, the following:

- 13 1. Date of agreement.
- 14 2. Anticipated number of employees to be trained.
- 15 3. Estimated cost of training.
- 16 4. Anticipated dates of commencement and termination of  
17 training.
- 18 5. Other criteria established by the department.

19 Sec. 10. Section 260F.6, subsection 2, Code Supplement  
20 1995, is amended to read as follows:

21 2. To provide funds for the present payment of the costs  
22 of a training program by the business, the community college  
23 may provide to the business an advance of the moneys to be  
24 used to pay for the program costs as provided in the  
25 agreement. To receive the funds for this advance from the job  
26 training fund established in subsection 1, the community  
27 college shall submit an application to the department of  
28 economic development. The amount of the advance shall not  
29 exceed fifty twenty-five thousand dollars for any project  
30 business site, or fifty thousand dollars within a three-  
31 fiscal-year period for any business site. The advance,-if-the  
32 agreement-provides-it-as-a-loan,-shall-be-repaid-with-interest  
33 from-the-sources-provided-in-the-agreement:--The-rate-of  
34 interest-to-be-charged-for-advances-made-in-a-calendar-month  
35 is-equal-to-one-half-of-the-average-rate-of-interest-on-tax



1 ~~exempt-certificates-issued-by-community-colleges-pursuant-to~~  
2 ~~chapter-260E-for-the-previous-twelve-months.--The-rate-shall~~  
3 ~~be-computed-by-the-department-of-economic-development. If the~~  
4 project involves a consortium of businesses, the maximum award  
5 per project shall not exceed fifty thousand dollars.

6 Participation in a consortium does not affect a business  
7 site's eligibility for individual project assistance. Prior  
8 to approval a business shall agree to match program amounts in  
9 accordance with criteria established by the department.

10 Sec. 11. NEW SECTION. 260F.6A BUSINESS NETWORK TRAINING.

11 The community colleges and the department are authorized to  
12 fund business network training projects which include five or  
13 more businesses and are located in two or more community  
14 college districts. A business network training project must  
15 have a designated organization or lead business to serve as  
16 the administrative entity that will coordinate the training  
17 program. The businesses must have common training needs and  
18 develop a plan to meet those needs. The department shall  
19 adopt rules governing this section's operation and participant  
20 eligibility.

21 Sec. 12. Section 260F.7, Code 1995, is amended to read as  
22 follows:

23 260F.7 DEPARTMENT OF ECONOMIC DEVELOPMENT TO COORDINATE.

24 The department of economic development, in consultation  
25 with the department of education and the division of job  
26 service of the department of employment services, shall  
27 coordinate the jobs training program. A project shall not be  
28 funded under this chapter unless the department of economic  
29 development approves the project. The department of economic  
30 development shall adopt rules pursuant to chapter 17A ~~that the~~  
31 ~~community-college-will-use-in-developing-projects-with-new-and~~  
32 ~~expanding-small-business-new-jobs-training-proposals-or~~  
33 ~~existing-business-retraining-proposals governing the program's~~  
34 operation and eligibility for participation in the program.

35 The department shall establish by rule criteria for

1 determining what constitutes an eligible business. A project  
2 shall not be funded under this chapter unless the department  
3 approves the project. The department shall establish by rule  
4 criteria for approval of projects. The department may adopt  
5 any rule effective immediately upon filing with the  
6 administrative rules coordinator or at a subsequent stated  
7 date prior to indexing and publication, or at a stated date  
8 less than thirty-five days after filing, indexing, and  
9 publication. The department of economic development shall  
10 prepare an annual report for the governor and general assembly  
11 on the activities and the future anticipated needs of this  
12 jobs training program.

13 Sec. 13. Section 260F.8, Code 1995, is amended to read as  
14 follows:

15 260F.8 ALLOCATION.

16 1. For the each fiscal year beginning ~~July 1, 1992~~ and  
17 subsequent years, the department of economic development shall  
18 make funds available to the community colleges. The  
19 department shall allocate by formula ~~at the beginning of the~~  
20 ~~fiscal year~~ from the moneys in the fund an amount for each  
21 ~~merged-area~~ community college to be used to provide the  
22 financial assistance for proposals of businesses ~~located in~~  
23 ~~the merged-area~~ whose applications have been approved by the  
24 department. The financial assistance shall be provided by the  
25 department from the amount set aside for that ~~merged-area~~  
26 community college. If any portion of the moneys set aside for  
27 a ~~merged-area~~ community college have not been used or  
28 committed by ~~March~~ May 1 of the fiscal year, that portion is  
29 available for use by the department to provide financial  
30 assistance to businesses located in other ~~merged-areas~~  
31 community colleges. The department shall adopt by rule a  
32 formula for this set-aside based on ~~population and per capita~~  
33 ~~income of the merged-area~~.

34 2. Moneys available to the community colleges for this  
35 program may be used to provide grants forgivable loans to

1 train for new jobs or retain existing jobs when the project  
2 costs are less than five thousand dollars employees. If the  
3 project is for a consortium of businesses, project costs shall  
4 not exceed an average of five thousand dollars per business.

5 Sec. 14. Section 403.19, subsection 1, paragraph c, Code  
6 1995, is amended to read as follows:

7 c. For the purposes of dividing taxes under sections  
8 section 260E.4 and 260F.4, the applicable assessment roll for  
9 purposes of paragraph "a" shall be the assessment roll as of  
10 January 1 of the calendar year preceding the first written  
11 agreement providing that all or a portion of program costs are  
12 to be paid for by incremental property taxes. The community  
13 college shall file a copy of the agreement with the  
14 appropriate assessor. The assessor may, within fourteen days  
15 of such filing, physically inspect the applicable taxable  
16 business property. If upon such inspection the assessor  
17 determines that there has been a change in the value of the  
18 property from the value as shown on the assessment roll as of  
19 January 1 of the calendar year preceding the filing of the  
20 agreement and such change in value is due to new construction,  
21 additions or improvements to existing structures, or  
22 remodeling of existing structures for which a building permit  
23 was required, the assessor shall promptly determine the value  
24 of the property as of the inspection in the manner provided in  
25 chapter 441 and that value shall be included for purposes of  
26 the jobs training project in the assessed value of the  
27 employer's taxable business property as shown on the  
28 assessment roll as of January 1 of the calendar year preceding  
29 the filing of the agreement. The assessor, within thirty days  
30 of such filing, shall notify the community college and the  
31 employer or business of that valuation which shall be included  
32 in the assessed valuation for purposes of this subsection and  
33 section 260E.4 or 260F.4. The value determined by the  
34 assessor shall reflect the change in value due solely to new  
35 construction, additions or improvements to existing

1 structures, or remodeling of existing structures for which a  
2 building permit was required.

3 Sec. 15, Section 422.16A, Code Supplement 1995, is amended  
4 to read as follows:

5 422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND  
6 TRANSFER.

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

24 Sec. 16. Section 427B.17, subsection 7, Code Supplement  
25 1995, is amended to read as follows:

26 7. For the purpose of dividing taxes under section 260E.4  
27 ~~or-260F-4~~, the employer's or business's valuation of property  
28 defined in section 427A.1, subsection 1, paragraphs "e" and  
29 "j", and used to fund a new jobs training project which  
30 project's first written agreement providing for a division of  
31 taxes as provided in section 403.19 is approved on or before  
32 June 30, 1995, shall be limited to thirty percent of the net  
33 acquisition cost of the property. An employer's or business's  
34 taxable property used to fund a new jobs training project  
35 shall not be valued pursuant to subsection 2 or 3, whichever

1 is applicable, until the assessment year following the  
2 calendar year in which the certificates or other funding  
3 obligations have been retired or escrowed. The taxpayer's  
4 valuation for such property shall then be the valuation  
5 specified in subsection 1 for the applicable assessment year.  
6 If the certificates issued, or other funding obligations  
7 incurred, between January 1, 1982, and June 30, 1995, are  
8 refinanced or refunded after June 30, 1995, the valuation of  
9 such property shall then be the valuation specified in  
10 subsection 2 or 3, whichever is applicable, for the applicable  
11 assessment year beginning with the assessment year following  
12 the calendar year in which those certificates or other funding  
13 obligations are refinanced or refunded after June 30, 1995.

14 Sec. 17. 1995 Iowa Acts, chapter 184, section 12, is  
15 repealed.

16 Sec. 18. REPEALS. Sections 260F.4 and 260F.5, Code 1995,  
17 are repealed.

18

#### EXPLANATION

19 This bill makes changes and additions to department of  
20 economic development programs. The bill provides as follows:

21 Sections 15.343 and 422.16A are amended to change the cap  
22 on the amount which can be transferred into the workforce  
23 development fund from employer withholding amounts previously  
24 used to retire job training program certificates under chapter  
25 260E from \$2 million to \$10 million. The bill also repeals  
26 the provisions enacted as part of House File 573 in 1995 which  
27 sunset the workforce development fund program in 1997.

28 The bill creates an innovative skill development account to  
29 the workforce development fund program. Moneys in the account  
30 shall be used to fund business network training and other  
31 innovative skill development training for Iowa businesses.

32 Section 15A.7 is created authorizing a supplemental new  
33 jobs credit from withholding for employers creating jobs which  
34 pay at least the average wage in the county in which the jobs  
35 are located. The supplemental credit would be an amount equal

1 to 1.50 percent of the gross wages paid on the jobs and would  
2 be used to fund job training program services. The  
3 supplemental credit from withholding is to be administered in  
4 the same manner as the new jobs credit under chapter 260E and  
5 is in addition to and not in lieu of the credit under chapter  
6 260E.

7 Section 15E.112 is amended to provide that not more than 4  
8 percent (currently one percent) of the total moneys available  
9 to the support value-added agricultural products and processes  
10 program during each quarter may be used for administration of  
11 the program.

12 New section 15E.113 provides that the department may  
13 contract with a microbusinesses organization which meets  
14 certain criteria, including a track record of assistance to  
15 microbusinesses, to establish a program of assistance to rural  
16 microbusinesses. The section also provides that \$125,000 of  
17 the moneys available for the value-added agricultural products  
18 and processes program shall be used annually to fund the  
19 microbusiness rural enterprise assistance program.

20 Microbusinesses are defined by the bill as service businesses  
21 employing five or fewer full-time equivalent employees with  
22 the need for up to \$25,000 in assistance. The department is  
23 to report to the general assembly regarding the activities of  
24 the program. Further, moneys allocated to the program are not  
25 to revert to the general fund.

26 The bill renames chapter 260F the Iowa jobs training Act  
27 and makes several changes to the chapter including the  
28 following:

29 1. Businesses which are eligible for assistance are those  
30 which are currently training existing employees, rather than  
31 employees in new jobs. The bill provides that a business is  
32 ineligible for assistance if the business closes or  
33 substantially reduces employment to relocate to another area  
34 of the state or is involved in a strike, lockout, or other  
35 labor dispute and that program funds shall not be used to

1 train replacement workers hired as part of a labor dispute.

2     2. The bill eliminates the tax increment financing  
3 provisions currently used to provide program funds under the  
4 chapter. The new jobs credit from withholding is also  
5 eliminated. This provision allowed 1.50 percent of the gross  
6 wages paid to each employee in a new job training project to  
7 be credited to the cost of the training project. The  
8 department of economic development shall allocate funds for  
9 projects under the chapter.

10     3. The bill also provides for training of groups of  
11 businesses and for providing a maximum amount of assistance  
12 for businesses participating in training under chapter 260F  
13 would be \$25,000 per business with a cap of \$50,000 per three-  
14 year period.

15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

**SENATE FILE 2351  
FISCAL NOTE**

---

A fiscal note for Senate File 2351 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.

---

Senate File 2351 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. The Bill creates a Supplemental New Jobs Credit, which allows a withholding tax credit equal to 1.5% of qualified gross wages paid by an employer. The credit is to be used to fund job training.

The Bill also raises the maximum percentage of revenue to the Value-Added Agricultural Products and Processes (VAAPP) Fund available for administration from 1.0% to 4.0% and allocates \$125,000 per year from the VAAPP Fund to a microbusiness rural enterprise assistance program.

**BACKGROUND**

Under current law, 1.5% of State payroll tax withholding for workers employed by companies participating in the Industrial New Jobs Training Program is earmarked for the repayment of job training bonds issued by community colleges. When the bonds are retired, the withholding would go to the State General Fund. Senate File 2351 increases the withholding credit to 3.0% for certain projects and 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 annual withholding tax revenue to 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, financed through the current 1.5% withholding credit, is expected to be issued annually in FY 1997 and subsequent fiscal years.
3. An average of \$11.7 million in new certificates, financed through the Supplemental New Jobs Credit, is expected to be issued annually in FY 1997 and subsequent fiscal years.
4. This estimate assumes businesses participating in the Industrial New Jobs Training Program leverage employees' withholding to the maximum allowed under law.



-2-

5. This estimate does not take into account any offsetting impact or behavioral effects resulting from Workforce Development Fund Program expenditures.

#### FISCAL IMPACT

The provision of Senate File 2315 related to the \$10.0 million cap for the Workforce Development Fund is expected to result in a decrease in revenue to the General Fund of \$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.

The provisions providing a Supplemental New Jobs Credit is expected to result in a decrease in revenue to the General Fund of approximately \$1.4 million in FY 1997, \$2.8 million in FY 1998, and \$4.2 million in FY 1999. The impact is expected to reach a maximum of \$11.2 million in FY 2004 and each succeeding fiscal year.

The provision raising the administrative allowance from the VAAPP Fund from 1.0% to 4.0% would increase the VAAPP administration funding for the Department of Economic Development from the present level of \$40,000 per year to \$160,000 per year. The provision funding a microbusiness rural assistance program would expend \$125,000 from the VAAPP Fund annually.

#### SOURCES

Department of Economic Development  
Community Colleges

(LSB 4375SV, JWR)

FILED MARCH 18, 1996

BY DENNIS PROUTY, FISCAL DIRECTOR

## SENATE FILE 2351

S-5361

1 Amend Senate File 2351 as follows:

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

4 "Section 101. NEW SECTION. 15.342A WORKFORCE  
5 DEVELOPMENT FUND ACCOUNT.

6 A workforce development fund account is established  
7 in the office of the treasurer of state under the  
8 control of the department. The account shall receive  
9 funds pursuant to section 422.16A up to a maximum of  
10 ten million dollars per year.

11 Sec. 102. Section 15.343, subsection 1, paragraph  
12 b, Code Supplement 1995, is amended by striking the  
13 paragraph."

14 2. Page 1, by inserting after line 5 the  
15 following:

16 "Sec. 103. Section 15.343, subsection 1, paragraph  
17 c, unnumbered paragraph 1, Code Supplement 1995, as  
18 otherwise amended by this Act, is amended by striking  
19 the unnumbered paragraph and inserting in lieu thereof  
20 the following:

21 Moneys appropriated to the fund from the workforce  
22 development fund account established in section  
23 15.342A."

24 3. Page 1, by inserting before line 6 the  
25 following:

26 "Sec. \_\_\_\_\_. Section 15.343, subsection 2, Code  
27 Supplement 1995, is amended by striking the subsection  
28 and inserting in lieu thereof the following:

29 2. The assets of the fund shall be used by the  
30 department for the following programs and purposes:

31 a. Training and retraining programs for targeted  
32 industries.

33 b. Supplier network training projects.

34 c. Projects under chapter 260F. The department  
35 shall require a match from all businesses  
36 participating in a training project under chapter  
37 260F. The department shall allocate fifty percent of  
38 the funds under this paragraph for projects under  
39 chapter 260F which will be completed in the equivalent  
40 of one semester or less at a community college.

41 d. Apprenticeship programs under section 260C.44,  
42 including building trades apprenticeship programs.

43 e. If assets remain in the fund after funding  
44 programs and purposes under paragraphs "a" through  
45 "d", the department may use the excess funds for  
46 programs under the administration of the department of  
47 workforce development, if established by 1996 Iowa  
48 Acts, Senate File 2409 or House File 2463."

49 4. Page 1, by striking lines 6 through 21 and  
50 inserting the following:

S-5361

-1-

S-5361

Page 2

1 "Sec. \_\_\_\_ . NEW SECTION. 15.344 COMMON SYSTEM --  
2 ASSESSMENT AND TRACKING.

3 The department shall develop a common intake,  
4 assessment, and tracking system for all programs  
5 funded through the workforce development fund to  
6 determine the economic impact of the programs. The  
7 tracking system shall at least be able to track  
8 individuals and businesses who have received  
9 assistance or services through the fund to determine  
10 whether the assistance or services has resulted in  
11 increased wages paid to the individuals or paid by the  
12 businesses."

13 5. By striking page 2, line 17, through page 4,  
14 line 11.

15 6. Page 11, by inserting after line 23 the  
16 following:

17 "Sec. 104. Section 422.16A, Code Supplement 1995,  
18 as otherwise amended by this Act, is amended to read  
19 as follows:

20 422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION  
21 AND TRANSFER.

22 Upon payment in full of a certificate of  
23 participation or other obligation issued to fund a job  
24 training program under chapter 260E, including a  
25 certificate of participation repaid in whole or in  
26 part by the supplemental new jobs credit from  
27 withholding under section 15A.7, the community college  
28 providing the job training program shall notify the  
29 department of economic development of the amount paid  
30 by the employer or business to the community college  
31 to retire the certificate during the previous last  
32 twelve months of withholding collections. The  
33 department of economic development shall notify the  
34 department of revenue and finance of that amount. The  
35 department shall credit to the workforce development  
36 fund account established in section ~~15.343~~ 15.342A  
37 twenty-five percent of that amount each quarter for a  
38 period of ten years. If the amount of withholding  
39 from the business or employer is insufficient, the  
40 department shall prorate the quarterly amount credited  
41 to the workforce development fund account. The  
42 maximum amount from all employers which shall be  
43 transferred to the workforce development fund account  
44 in any year is two ten million dollars."

45 7. Page 12, by inserting after line 15 the  
46 following:

47 "Sec. \_\_\_\_ . Sections 15.345 and 15.346, Code  
48 Supplement 1995, are repealed."

49 8. Page 12, by inserting after line 17 the  
50 following:

S-5361

S-5361

Page 3

- 1 "Sec. \_\_\_\_ . Sections 101, 102, 103, and 104 of this
- 2 Act take effect on July 1, 1997."
- 3 9. Title page, line 7, by striking the word
- 4 "and".
- 5 10. Title page, line 8, by inserting after the
- 6 word "appropriation" the following: ", and
- 7 establishing an effective date".
- 8 11. By renumbering as necessary.

By TOM VILSACK  
DERRYL McLAREN  
ALLEN BORLAUG

S-5361 FILED MARCH 14, 1996

*Adopted*  
*3/18/96*  
*(p. 824)*



1 Section 1. NEW SECTION. 15.342A WORKFORCE DEVELOPMENT  
2 FUND ACCOUNT.

3 A workforce development fund account is established in the  
4 office of the treasurer of state under the control of the  
5 department. The account shall receive funds pursuant to  
6 section 422.16A up to a maximum of ten million dollars per  
7 year.

8 Sec. 2. Section 15.343, subsection 1, paragraph b, Code  
9 Supplement 1995, is amended by striking the paragraph.

10 Sec. 3. Section 15.343, subsection 1, paragraph c,  
11 unnumbered paragraph 1, Code Supplement 1995, is amended to  
12 read as follows:

13 Repayment moneys pursuant to section 422.16A, up to a  
14 maximum of ~~two~~ ten million dollars each year.

15 Sec. 4. Section 15.343, subsection 1, paragraph c,  
16 unnumbered paragraph 1, Code Supplement 1995, as otherwise  
17 amended by this Act, is amended by striking the unnumbered  
18 paragraph and inserting in lieu thereof the following:

19 Moneys appropriated to the fund from the workforce  
20 development fund account established in section 15.342A.

21 Sec. 5. Section 15.343, subsection 2, Code Supplement  
22 1995, is amended by striking the subsection and inserting in  
23 lieu thereof the following:

24 2. The assets of the fund shall be used by the department  
25 for the following programs and purposes:

26 a. Training and retraining programs for targeted  
27 industries.

28 b. Supplier network training projects.

29 c. Projects under chapter 260F. The department shall  
30 require a match from all businesses participating in a  
31 training project under chapter 260F. The department shall  
32 allocate fifty percent of the funds under this paragraph for  
33 projects under chapter 260F which will be completed in the  
34 equivalent of one semester or less at a community college.

35 d. Apprenticeship programs under section 260C.44,

1 including building trades apprenticeship programs.

2 e. If assets remain in the fund after funding programs and  
3 purposes under paragraphs "a" through "d", the department may  
4 use the excess funds for programs under the administration of  
5 the department of workforce development, if established by  
6 1996 Iowa Acts, Senate File 2409 or House File 2463.

7 Sec. 6. NEW SECTION. 15.344 COMMON SYSTEM -- ASSESSMENT  
8 AND TRACKING.

9 The department shall develop a common intake, assessment,  
10 and tracking system for all programs funded through the  
11 workforce development fund to determine the economic impact of  
12 the programs. The tracking system shall at least be able to  
13 track individuals and businesses who have received assistance  
14 or services through the fund to determine whether the  
15 assistance or services has resulted in increased wages paid to  
16 the individuals or paid by the businesses.

17 Sec. 7. NEW SECTION. 15A.7 SUPPLEMENTAL NEW JOBS CREDIT  
18 FROM WITHHOLDING.

19 In order to promote the creation of additional high-quality  
20 new jobs within the state, an agreement under section 260E.3  
21 may include a provision for a supplemental new jobs credit  
22 from withholding from jobs created under the agreement. An  
23 agreement which includes a supplemental credit from  
24 withholding shall provide for the following:

25 1. That the project shall be administered in the same  
26 manner as a project under chapter 260E and that a supplemental  
27 new jobs credit from withholding in an amount equal to one and  
28 one-half percent of the gross wages paid by the employer  
29 pursuant to section 422.16 is authorized to fund the program  
30 services for the additional project.

31 2. That the supplemental new jobs credit from withholding  
32 shall be collected, accounted for, and may be pledged by the  
33 community college in the same manner as described in section  
34 260E.5.

35 3. That the employer shall pay wages for the jobs for

1 which the credit is taken of at least the average county wage  
2 to remain eligible for the project.

3 4. To provide funds for the payment of the costs of the  
4 additional project, a community college may borrow money,  
5 issue and sell certificates, and secure the payment of the  
6 certificates in the same manner as described in section  
7 260E.6, including, but not limited to, providing the  
8 assessment of an annual levy as described in section 260E.6,  
9 subsection 4. The program and credit authorized by this  
10 subsection is in addition to, and not in lieu of, the program  
11 and credit authorized in chapter 260E.

\* 12 Sec. 8. Section 260F.1, Code 1995, is amended to read as  
13 follows:

14 260F.1 TITLE.

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

17 Sec. 9. Section 260F.2, Code 1995, is amended to read as  
18 follows:

19 260F.2 DEFINITIONS.

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

22 1. "Agreement" is the agreement between a business and a  
23 community college concerning a project.

24 ~~2.---"Board-of-directors"--means-the-board-of-directors-of-a~~  
25 ~~community-college-~~

26 ~~3-~~ 2. "Community college" means a community college  
27 established under chapter 260C.

28 ~~4-~~ 3. "Date of commencement of the project" means the date  
29 of the preliminary agreement or the date an application for  
30 assistance is received by the department.

31 4. "Department" means the department of economic  
32 development.

33 5. "Eligible business" or "business" means a business  
34 training employees which is engaged in interstate or  
35 intrastate commerce for the purpose of manufacturing,



1 processing, or assembling products, conducting research and  
 2 development, or providing services in interstate commerce, but  
 3 excludes retail, health, or professional services and which  
 4 meets the other criteria established by the Iowa department of  
 5 economic development. ~~"Eligible business" does not include a  
 6 business which closes or substantially reduces its operation  
 7 in one area of the state of Iowa and relocates substantially  
 8 the same operation in another area of the state of Iowa. This  
 9 subsection does not prohibit a business from expanding its  
 10 operations in another area of the state provided that existing  
 11 operations of a similar nature are not closed or substantially  
 12 reduced.~~ "Small Eligible business" does not include a  
 13 business whose training costs can be economically funded under  
 14 chapter 260E, a business which closes or substantially reduces  
 15 its employment base in order to relocate substantially the  
 16 same operation to another area of the state, or a business  
 17 which is involved in a strike, lockout, or other labor  
 18 dispute.

19 ~~"Eligible business" includes the following:~~  
 20 ~~a. Retaining business which is currently conducting  
 21 retooling of a production facility.~~  
 22 ~~b. Small business which meets other criteria established  
 23 by the department of economic development relating to business  
 24 size.~~

25 6. ~~"Employee" means the person employed in a new job by a  
 26 small business or a person currently employed by a business  
 27 who is to be retrained trained. However, "employee" does not  
 28 include replacement workers who are hired as a result of a  
 29 strike, lockout, or other labor dispute.~~

30 ~~7. "Incremental property taxes" means the taxes as  
 31 provided in section 260F.4.~~

32 8. 7. "Jobs training program" or "program" means the  
 33 project or projects established by a community college for the  
 34 creation of jobs by providing education and training of  
 35 workers for new jobs for a new or expanding small business or

1 ~~for-the-retraining-of-workers-of-an-existing-business~~ training  
2 of employees.

3 9. ~~---"New-job"-means-a-job-in-a-new-or-expanding-small~~  
4 ~~business-but-does-not-include-jobs-of-recalled-workers,-or~~  
5 ~~replacement-jobs-or-other-jobs-that-formerly-existed-in-the~~  
6 ~~small-business-in-the-state-of-Iowa.~~

7 10. ~~---"New-jobs-credit-from-withholding"-means-the-credit-as~~  
8 ~~provided-in-section-260F-5.~~

9 11. 8. "Participating business" means ~~the-small-business~~  
10 ~~providing-new-jobs-or-retraining-jobs-and~~ a business training  
11 employees which enters into an agreement with the community  
12 college.

13 12. 9. "Program costs" means all necessary and incidental  
14 costs of providing program services.

15 13. 10. "Program services" includes but is not limited to  
16 the following:

17 a. ~~---New-jobs-training.~~

18 b. a. Retraining Training of ~~existing-workers~~ employees.

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

20 d. c. Vocational and skill-assessment services and  
21 testing.

22 e. d. Training facilities, equipment, materials, and  
23 supplies.

24 f. ~~---On-the-job-training.~~

25 g. e. Administrative expenses for the jobs training  
26 program.

27 h. f. Subcontracted services with institutions governed by  
28 the state board of regents, private colleges or universities,  
29 or other federal, state, or local agencies.

30 i. g. Contracted or professional services.

31 14. 11. "Project" means a training arrangement which is  
32 the subject of an agreement entered into between the community  
33 college and a business to provide program services.

34 15. ~~---"Retooling"-means-upgrading,-modernizing,-or-expanding~~  
35 ~~a-business-to-increase-the-production-or-efficiency-of~~

1 ~~business-operations-including, but not limited to, replacing~~  
2 ~~equipment, introducing new manufacturing processes, or~~  
3 ~~changing managerial procedures.~~

4 16. ~~---"Retraining job" means a job with an existing business~~  
5 ~~that is substantially at risk of becoming displaced within the~~  
6 ~~following ten years due to the retooling of the business.~~

7 Sec. 10. Section 260F.3, Code 1995, is amended by striking  
8 the section and inserting in lieu thereof the following:

9 260F.3 AGREEMENT.

10 A community college may enter into an agreement to  
11 establish a project. An agreement shall provide for, but is  
12 not limited to, the following:

- 13 1. Date of agreement.
- 14 2. Anticipated number of employees to be trained.
- 15 3. Estimated cost of training.
- 16 4. Anticipated dates of commencement and termination of  
17 training.
- 18 5. Other criteria established by the department.

19 Sec. 11. Section 260F.6, subsection 2, Code Supplement  
20 1995, is amended to read as follows:

21 2. To provide funds for the present payment of the costs  
22 of a training program by the business, the community college  
23 may provide to the business an advance of the moneys to be  
24 used to pay for the program costs as provided in the  
25 agreement. To receive the funds for this advance from the job  
26 training fund established in subsection 1, the community  
27 college shall submit an application to the department of  
28 economic development. The amount of the advance shall not  
29 exceed fifty twenty-five thousand dollars for any project  
30 business site, or fifty thousand dollars within a three-  
31 fiscal-year period for any business site. The advance, if the  
32 agreement provides it as a loan, shall be repaid with interest  
33 from the sources provided in the agreement.---The rate of  
34 interest to be charged for advances made in a calendar month  
35 is equal to one-half of the average rate of interest on tax

1 ~~exempt-certificates-issued-by-community-colleges-pursuant-to~~  
2 ~~chapter-260E-for-the-previous-twelve-months.--The-rate-shall~~  
3 ~~be-computed-by-the-department-of-economic-development.~~ If the  
4 project involves a consortium of businesses, the maximum award  
5 per project shall not exceed fifty thousand dollars.

6 Participation in a consortium does not affect a business  
7 site's eligibility for individual project assistance. Prior  
8 to approval a business shall agree to match program amounts in  
9 accordance with criteria established by the department.

10 Sec. 12. NEW SECTION. 260F.6A BUSINESS NETWORK TRAINING.

11 The community colleges and the department are authorized to  
12 fund business network training projects which include five or  
13 more businesses and are located in two or more community  
14 college districts. A business network training project must  
15 have a designated organization or lead business to serve as  
16 the administrative entity that will coordinate the training  
17 program. The businesses must have common training needs and  
18 develop a plan to meet those needs. The department shall  
19 adopt rules governing this section's operation and participant  
20 eligibility.

21 Sec. 13. Section 260F.7, Code 1995, is amended to read as  
22 follows:

23 260F.7 DEPARTMENT OF ECONOMIC DEVELOPMENT TO COORDINATE.

24 The department of economic development, in consultation  
25 with the department of education and the division of job  
26 service of the department of employment services, shall  
27 coordinate the jobs training program. A project shall not be  
28 funded under this chapter unless the department of economic  
29 development approves the project. The department ~~of-economic~~  
30 ~~development~~ shall adopt rules pursuant to chapter 17A ~~that-the~~  
31 ~~community-college-will-use-in-developing-projects-with-new-and~~  
32 ~~expanding-small-business-new-jobs-training-proposals-or~~  
33 ~~existing-business-retraining-proposals~~ governing the program's  
34 operation and eligibility for participation in the program.

35 The department shall establish by rule criteria for

1 determining what constitutes an eligible business. A project  
2 shall not be funded under this chapter unless the department  
3 approves the project. The department shall establish by rule  
4 criteria for approval of projects. The department may adopt  
5 any rule effective immediately upon filing with the  
6 administrative rules coordinator or at a subsequent stated  
7 date prior to indexing and publication, or at a stated date  
8 less than thirty-five days after filing, indexing, and  
9 publication. The department of economic development shall  
10 prepare an annual report for the governor and general assembly  
11 on the activities and the future anticipated needs of this  
12 jobs training program.

13 Sec. 14. Section 260F.8, Code 1995, is amended to read as  
14 follows:

15 260F.8 ALLOCATION.

16 1. For the each fiscal year beginning July 1, 1992, and  
17 subsequent years, the department of economic development shall  
18 make funds available to the community colleges. The  
19 department shall allocate by formula at the beginning of the  
20 fiscal year from the moneys in the fund an amount for each  
21 merged-area community college to be used to provide the  
22 financial assistance for proposals of businesses located in  
23 the merged-area whose applications have been approved by the  
24 department. The financial assistance shall be provided by the  
25 department from the amount set aside for that merged-area  
26 community college. If any portion of the moneys set aside for  
27 a merged-area community college have not been used or  
28 committed by March May 1 of the fiscal year, that portion is  
29 available for use by the department to provide financial  
30 assistance to businesses located in other merged-areas  
31 community colleges. The department shall adopt by rule a  
32 formula for this set-aside based on population and per capita  
33 income of the merged-area.

34 2. Moneys available to the community colleges for this  
35 program may be used to provide grants forgivable loans to

1 train for-new-jobs-or-retain-existing-jobs-when-the-project  
2 costs-are-less-than-five-thousand-dollars employees. If-the  
3 project-is-for-a-consortium-of-businesses,-project-costs-shall  
4 not-exceed-an-average-of-five-thousand-dollars-per-business-

5 Sec. 15. Section 403.19, subsection 1, paragraph c, Code  
6 1995, is amended to read as follows:

7 c. For the purposes of dividing taxes under sections  
8 section 260E.4 and-260F.4, the applicable assessment roll for  
9 purposes of paragraph "a" shall be the assessment roll as of  
10 January 1 of the calendar year preceding the first written  
11 agreement providing that all or a portion of program costs are  
12 to be paid for by incremental property taxes. The community  
13 college shall file a copy of the agreement with the  
14 appropriate assessor. The assessor may, within fourteen days  
15 of such filing, physically inspect the applicable taxable  
16 business property. If upon such inspection the assessor  
17 determines that there has been a change in the value of the  
18 property from the value as shown on the assessment roll as of  
19 January 1 of the calendar year preceding the filing of the  
20 agreement and such change in value is due to new construction,  
21 additions or improvements to existing structures, or  
22 remodeling of existing structures for which a building permit  
23 was required, the assessor shall promptly determine the value  
24 of the property as of the inspection in the manner provided in  
25 chapter 441 and that value shall be included for purposes of  
26 the jobs training project in the assessed value of the  
27 employer's taxable business property as shown on the  
28 assessment roll as of January 1 of the calendar year preceding  
29 the filing of the agreement. The assessor, within thirty days  
30 of such filing, shall notify the community college and the  
31 employer or business of that valuation which shall be included  
32 in the assessed valuation for purposes of this subsection and  
33 section 260E.4 ~~or-260F.4~~. The value determined by the  
34 assessor shall reflect the change in value due solely to new  
35 construction, additions or improvements to existing

1 structures, or remodeling of existing structures for which a  
2 building permit was required.

3 Sec. 16. Section 422.16A, Code Supplement 1995, is amended  
4 to read as follows:

5 422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND  
6 TRANSFER.

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

24 Sec. 17. Section 422.16A, Code Supplement 1995, as  
25 otherwise amended by this Act, is amended to read as follows:

26 422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND  
27 TRANSFER.

28 Upon payment in full of a certificate of participation or  
29 other obligation issued to fund a job training program under  
30 chapter 260E, including a certificate of participation repaid  
31 in whole or in part by the supplemental new jobs credit from  
32 withholding under section 15A.7, the community college  
33 providing the job training program shall notify the department  
34 of economic development of the amount paid by the employer or  
35 business to the community college to retire the certificate

1 during the previous last twelve months of withholding  
2 collections. The department of economic development shall  
3 notify the department of revenue and finance of that amount.  
4 The department shall credit to the workforce development fund  
5 account established in section ~~15-343~~ 15.342A twenty-five  
6 percent of that amount each quarter for a period of ten years.  
7 If the amount of withholding from the business or employer is  
8 insufficient, the department shall prorate the quarterly  
9 amount credited to the workforce development fund account.  
10 The maximum amount from all employers which shall be  
11 transferred to the workforce development fund account in any  
12 year is two ten million dollars.

13 Sec. 18. Section 427B.17, subsection 7, Code Supplement  
14 1995, is amended to read as follows:

15 7. For the purpose of dividing taxes under section 260E.4  
16 ~~or-260F-4~~, the employer's or business's valuation of property  
17 defined in section 427A.1, subsection 1, paragraphs "e" and  
18 "j", and used to fund a new jobs training project which  
19 project's first written agreement providing for a division of  
20 taxes as provided in section 403.19 is approved on or before  
21 June 30, 1995, shall be limited to thirty percent of the net  
22 acquisition cost of the property. An employer's or business's  
23 taxable property used to fund a new jobs training project  
24 shall not be valued pursuant to subsection 2 or 3, whichever  
25 is applicable, until the assessment year following the  
26 calendar year in which the certificates or other funding  
27 obligations have been retired or escrowed. The taxpayer's  
28 valuation for such property shall then be the valuation  
29 specified in subsection 1 for the applicable assessment year.  
30 If the certificates issued, or other funding obligations  
31 incurred, between January 1, 1982, and June 30, 1995, are  
32 refinanced or refunded after June 30, 1995, the valuation of  
33 such property shall then be the valuation specified in  
34 subsection 2 or 3, whichever is applicable, for the applicable  
35 assessment year beginning with the assessment year following



1 the calendar year in which those certificates or other funding  
2 obligations are refinanced or refunded after June 30, 1995.

3 Sec. 19. 1995 Iowa Acts, chapter 184, section 12, is  
4 repealed.

5 Sec. 20. Sections 15.345 and 15.346, Code Supplement 1995,  
6 are repealed.

7 Sec. 21. REPEALS. Sections 260F.4 and 260F.5, Code 1995,  
8 are repealed.

9 Sec. 22. Sections 1, 2, 4, and 17 of this Act take effect  
10 on July 1, 1997.

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

## SENATE FILE 2351

H-5602

1 Amend Senate File 2351, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 1, line 7, by inserting after the word  
4 "year." the following: "Notwithstanding section 8.33,  
5 moneys in the account at the end of each fiscal year  
6 shall not revert to any other fund but shall remain in  
7 the account for appropriation in a subsequent fiscal  
8 year."

9 2. Page 1, by striking lines 8 and 9.

10 3. Page 1, line 11, by striking the words and  
11 figure "unnumbered paragraph 1,".

12 4. Page 1, line 16, by striking the words and  
13 figure "unnumbered paragraph 1,".

14 5. Page 1, line 17, by striking the word  
15 "unnumbered".

16 6. Page 1, line 19, by inserting before the word  
17 "Moneys" the following: "c."

18 7. Page 1, line 28, by inserting after the word  
19 "network" the following: "and business consortia".

20 8. Page 1, by striking lines 31 through 34 and  
21 inserting the following: "training project under  
22 chapter 260F."

23 9. Page 2, by inserting after line 1 the  
24 following:

25 "\_\_\_\_\_. The loan loss reserve program."

26 10. Page 2, line 4, by striking the words "excess  
27 funds for" and inserting the following: "assets for  
28 other innovative skill development activities or".

29 11. Page 2, line 5, by inserting after the word  
30 "the" the following: "department of education or  
31 the".

32 12. Page 2, by inserting after line 6 the  
33 following:

34 "Sec. \_\_\_\_\_. Section 15.343, subsection 3, Code  
35 Supplement 1995, is amended to read as follows:

36 3. The director shall submit ~~annually~~ not later  
37 than January 1 of each year at a regular or special  
38 ~~meeting preceding the beginning of the fiscal year,~~  
39 for approval by the economic development board, the  
40 proposed allocation of funds from the workforce  
41 development fund to be made for ~~that~~ the next fiscal  
42 year for the programs and purposes contained in  
43 subsection 2. The director shall also submit a copy  
44 of the proposed allocation to the chairpersons of the  
45 joint economic development appropriations subcommittee  
46 of the general assembly. ~~Subject to approval under~~  
47 ~~Notwithstanding section 8.39 for transfer of~~  
48 ~~allocations between programs contained in subsection~~  
49 ~~2,~~ the plan may provide for increased or decreased  
50 allocations if the demand for a program indicates that

E-5602

H-5602

Page 2

1 the need is greater or lesser than the allocation for  
2 that program. The director shall report on a  
3 quarterly basis to the board on the status of the  
4 funds and may present proposed revisions for approval  
5 by the board in January and April of each year. The  
6 director shall also provide quarterly reports to the  
7 legislative fiscal bureau on the status of the funds.  
8 Unobligated and unencumbered moneys remaining in the  
9 workforce development fund or any of its accounts on  
10 June 30 of each year shall be considered part of the  
11 fund for purposes of the next year's allocation.

12 Sec. \_\_\_\_ . Section 15.343, Code Supplement 1995, is  
13 amended by adding the following new subsection:

14 NEW SUBSECTION. 4. Notwithstanding subsection 1,  
15 paragraph "c", if a specific appropriation is not  
16 enacted to the fund from the workforce development  
17 account created in section 15.342A, moneys credited to  
18 the fund under section 422.16A shall be transferred to  
19 the workforce development fund in accordance with  
20 section 8.31 as if the moneys had been appropriated to  
21 the workforce development fund."

22 13. Page 2, by striking lines 9 through 12 and  
23 inserting the following:

24 "The department shall use information from the  
25 customer tracking system administered by the  
26 department of workforce development under section  
27 84A.2, if enacted by Senate File 2409 or House File  
28 2463, to determine the economic impact of the  
29 programs. To the extent possible, the department  
30 shall".

31 14. Page 2, by striking lines 22 through 24 and  
32 inserting the following: "from withholding from jobs  
33 created under the agreement. A provision in an  
34 agreement for which a supplemental credit from  
35 withholding is included shall provide for the  
36 following:"

37 15. By striking page 2, line 35, through page 3,  
38 line 2, and inserting the following:

39 "3. That the supplemental new jobs credit from  
40 withholding shall only be collected on those projects  
41 where incremental property taxes have been reduced or  
42 lost due to the elimination of the property tax on  
43 industrial machinery, equipment, and computers under  
44 section 427B.17."

45 16. Page 4, line 18, by inserting after the word  
46 "dispute" the following: "in Iowa".

47 17. Page 4, line 29, by inserting after the word  
48 "dispute" the following: "in Iowa".

49 18. Page 12, by striking lines 5 and 6.

50 19. Page 12, line 9, by striking the figure "2,".

H-5602

-2-

H-5602

Page 3

- 1 20. Title page, by striking lines 4 through 7 and
- 2 inserting the following: "new jobs credit from
- 3 withholding, making a contingent annual appropriation,
- 4 making an annual allocation from an".
- 5 21. By renumbering as necessary.

*Adopted 4/15/96 (p.1628)* By COMMITTEE ON ECONOMIC DEVELOPMENT  
LARSON of Linn, Chairperson  
H-5602 FILED MARCH 26, 1996

## SENATE FILE 2351

H-5727

- 1 Amend Senate File 2351, as amended, passed, and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 2, by inserting after line 1 the
- 4 following:
- 5 "\_\_\_\_. Notwithstanding paragraphs "a" through "d",
- 6 at least one million dollars of the assets of the fund
- 7 shall be used each year for a summer youth program to
- 8 serve youth in areas with high juvenile crime rates
- 9 and high minority populations in cities with
- 10 populations exceeding fifty thousand according to the
- 11 1990 census."
- 12 2. By renumbering as necessary.

By SHOULTZ of Black Hawk  
WITT of Black Hawk

H-5727 FILED MARCH 28, 1996

*Lost 4-15-96 (p.1628)*

## SENATE FILE 2351

H-5957

- 1 Amend Senate File 2351, as amended, passed, and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 7, line 18, by inserting after the word
- 4 "needs." the following: "Community colleges shall
- 5 develop a one-stop administrative structure to
- 6 coordinate the delivery of services under this
- 7 section."

By SHOULTZ of Black Hawk

H-5957 FILED APRIL 15, 1996

*Lost 4/15/96 (p.1629)*

## SENATE FILE 2351

H-5943

1 Amend the amendment, H-5602, to Senate File 2351,  
2 as amended, passed, and reprinted by the Senate, as  
3 follows:  
4 1. Page 1, by striking lines 3 through 9.  
5 2. Page 1, by inserting after line 11 the  
6 following:  
7 "\_\_\_\_\_. Page 1, line 13, by inserting before the  
8 word "Repayment" the following: "c."  
9 3. Page 1, by striking lines 18 and 19 and  
10 inserting the following:  
11 "\_\_\_\_\_. Page 1, by striking line 28."  
12 4. Page 1, by striking lines 23 through 31 and  
13 inserting the following:  
14 "\_\_\_\_\_. Page 2, line 1, by inserting after the word  
15 "including" the following: "new or statewide".  
16 "\_\_\_\_\_. Page 2, by striking lines 2 through 6 and  
17 inserting the following:  
18 "e. Innovative skill development activities."  
19 5. Page 2, by striking lines 12 through 21.  
20 6. Page 2, by striking lines 39 through 44 and  
21 inserting the following:  
22 "'3. That the employer shall agree to pay wages  
23 for the jobs for which the credit is taken of at least  
24 the average county wage or average regional wage,  
25 whichever is lower, as compiled annually by the  
26 department for the community economic betterment  
27 program. For the purposes of this section, the  
28 average regional wage shall be compiled based upon the  
29 service delivery areas in section 84B.2, if enacted by  
30 1996 Iowa Acts, Senate File 2409. Eligibility for the  
31 supplemental credit shall be based on a one-time  
32 determination of starting wages by the community  
33 college."  
34 7. Page 2, by inserting after line 48 the  
35 following:  
36 "\_\_\_\_\_. Page 10, by striking lines 3 through 23."  
37 8. Page 2, by striking lines 49 and 50 and  
38 inserting the following:  
39 "\_\_\_\_\_. Page 12, by striking lines 9 and 10."  
40 9. Page 3, line 3, by striking the words "making  
41 a contingent annual appropriation,".  
42 10. By renumbering, relettering, and  
43 redesignating as necessary.

By NELSON of Marshall

H-5943 FILED APRIL 12, 1996

*Adopted 4-15-96**(P. 1628)*

SENATE FILE 2351

H-5918

- 1 Amend Senate File 2351, as amended, passed, and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 7, by striking lines 10 through 20.
- 4 2. By renumbering as necessary.

By SHOULTZ of Black Hawk

H-5918 FILED APRIL 10, 1996

WITHDRAWN

4-15-96 (p. 1629)

HOUSE AMENDMENT TO  
SENATE FILE 2351

S-5778

1 Amend Senate File 2351, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 1, line 11, by striking the words and  
4 figure "unnumbered paragraph 1,".

5 2. Page 1, line 13, by inserting before the word  
6 "Repayment" the following: "c."

7 3. Page 1, line 16, by striking the words and  
8 figure "unnumbered paragraph 1,".

9 4. Page 1, line 17, by striking the word  
10 "unnumbered".

11 5. Page 1, line 19, by inserting before the word  
12 "Moneys" the following: "c."

13 6. Page 1, by striking line 28.

14 7. Page 1, by striking lines 31 through 34 and  
15 inserting the following: "training project under  
16 chapter 260F."

17 8. Page 2, line 1, by inserting after the word  
18 "including" the following: "new or statewide".

19 9. Page 2, by striking lines 2 through 6 and  
20 inserting the following:

21 "e. Innovative skill development activities."

22 10. Page 2, by inserting after line 6 the  
23 following:

24 "Sec. \_\_\_\_ . Section 15.343, subsection 3, Code  
25 Supplement 1995, is amended to read as follows:

26 3. The director shall submit annually not later  
27 than January 1 of each year at a regular or special  
28 meeting preceding the beginning of the fiscal year,  
29 for approval by the economic development board, the  
30 proposed allocation of funds from the workforce  
31 development fund to be made for that the next fiscal  
32 year for the programs and purposes contained in  
33 subsection 2. The director shall also submit a copy  
34 of the proposed allocation to the chairpersons of the  
35 joint economic development appropriations subcommittee  
36 of the general assembly. ~~Subject to approval under~~  
37 ~~Notwithstanding section 8.39 for transfer of~~  
38 ~~allocations between programs contained in subsection~~  
39 2, the plan may provide for increased or decreased  
40 allocations if the demand for a program indicates that  
41 the need is greater or lesser than the allocation for  
42 that program. The director shall report on a  
43 quarterly basis to the board on the status of the  
44 funds and may present proposed revisions for approval  
45 by the board in January and April of each year. The  
46 director shall also provide quarterly reports to the  
47 legislative fiscal bureau on the status of the funds.  
48 Unobligated and unencumbered moneys remaining in the  
49 workforce development fund or any of its accounts on  
50 June 30 of each year shall be considered part of the

S-5778

S-5778

Page 2

1 fund for purposes of the next year's allocation."

2 11. Page 2, by striking lines 9 through 12 and  
3 inserting the following:

4 "The department shall use information from the  
5 customer tracking system administered by the  
6 department of workforce development under section  
7 84A.2, if enacted by Senate File 2409 or House File  
8 2463, to determine the economic impact of the  
9 programs. To the extent possible, the department  
10 shall".

11 12. Page 2, by striking lines 22 through 24 and  
12 inserting the following: "from withholding from jobs  
13 created under the agreement. A provision in an  
14 agreement for which a supplemental credit from  
15 withholding is included shall provide for the  
16 following:"

17 13. By striking page 2, line 35, through page 3,  
18 line 2, and inserting the following:

19 "3. That the employer shall agree to pay wages for  
20 the jobs for which the credit is taken of at least the  
21 average county wage or average regional wage,  
22 whichever is lower, as compiled annually by the  
23 department for the community economic betterment  
24 program. For the purposes of this section, the  
25 average regional wage shall be compiled based upon the  
26 service delivery areas in section 84B.2, if enacted by  
27 1996 Iowa Acts, Senate File 2409. Eligibility for the  
28 supplemental credit shall be based on a one-time  
29 determination of starting wages by the community  
30 college."

31 14. Page 4, line 18, by inserting after the word  
32 "dispute" the following: "in Iowa".

33 15. Page 4, line 29, by inserting after the word  
34 "dispute" the following: "in Iowa".

35 16. Page 10, by striking lines 3 through 23.

36 17. Page 12, by striking lines 9 and 10.

37 18. Title page, by striking lines 4 through 7 and  
38 inserting the following: "new jobs credit from  
39 withholding, making an annual allocation from an".

40 19. By renumbering as necessary.

RECEIVED FROM THE HOUSE

S-5778 FILED APRIL 15, 1996

*Senate Continued 4/23/96 (P.1474)*



Vilsack  
Hansen  
Boettger

SSB-2286  
Small Business,  
Economic Development and  
Tourism

Succeeded By  
(SF) HF 2351

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
SMALL BUSINESS, ECONOMIC  
DEVELOPMENT AND TOURISM BILL  
BY CHAIRPERSON HANSEN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to department of economic development programs,  
2 including the workforce development fund program and the Iowa  
3 small business new jobs training Act, providing a supplemental  
4 new jobs credit from withholding, establishing a rural  
5 microbusiness assistance program, increasing the funds  
6 available for the value-added agricultural products and  
7 processes program, and making an annual allocation from an  
8 appropriation.

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

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

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

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

6 Sec. 2. Section 15.343, subsection 1, Code Supplement  
7 1995, is amended by adding the following new paragraph:

8 NEW PARAGRAPH. d. The innovative skill development  
9 account created in section 15.349.

10 Sec. 3. NEW SECTION. 15.349 INNOVATIVE SKILL DEVELOPMENT  
11 ACCOUNT.

12 An innovative skill development account is created within  
13 the workforce development fund to be used by the department to  
14 support innovative skill development training for Iowa  
15 businesses. Training to be funded shall include but is not  
16 limited to business network training programs, innovative  
17 apprenticeship programs for emerging industries, and critical  
18 skill training for industries experiencing labor shortages.  
19 The department shall adopt rules governing the operation of  
20 and eligibility for participation beginning July 1, 1996, in  
21 the account.

22 Sec. 4. NEW SECTION. 15A.7 SUPPLEMENTAL NEW JOBS CREDIT  
23 FROM WITHHOLDING.

24 In order to promote the creation of additional high-quality  
25 new jobs within the state, an agreement under section 260E.3  
26 may include a provision for a supplemental new jobs credit  
27 from withholding from jobs created under the agreement. An  
28 agreement which includes a supplemental credit from  
29 withholding shall provide for the following:

30 1. That the project shall be administered in the same  
31 manner as a project under chapter 260E and that a supplemental  
32 new jobs credit from withholding in an amount equal to one and  
33 one-half percent of the gross wages paid by the employer  
34 pursuant to section 422.16 is authorized to fund the program  
35 services for the additional project.

1 2. That the supplemental new jobs credit from withholding  
2 shall be collected, accounted for, and may be pledged by the  
3 community college in the same manner as described in section  
4 260E.5.

5 3. That the employer shall pay wages for the jobs for  
6 which the credit is taken of at least the average county wage  
7 to remain eligible for the project.

8 4. To provide funds for the payment of the costs of the  
9 additional project, a community college may borrow money,  
10 issue and sell certificates, and secure the payment of the  
11 certificates in the same manner as described in section  
12 260E.6, including, but not limited to, providing the  
13 assessment of an annual levy as described in section 260E.6,  
14 subsection 4. The program and credit authorized by this  
15 subsection is in addition to, and not in lieu of, the program  
16 and credit authorized in chapter 260E.

17 Sec. 5. Section 15E.112, subsection 1, Code 1995, is  
18 amended to read as follows:

19 1. A value-added agricultural products and processes  
20 financial assistance fund is created within the state treasury  
21 under the control of the department. The fund shall consist  
22 of any money appropriated by the general assembly and any  
23 other moneys available to and obtained or accepted by the  
24 department from the federal government or private sources for  
25 placement in the fund. Until July 1, 2000, moneys shall be  
26 deposited in the fund as provided in section 423.24. Not more  
27 than ~~one~~ four percent of the total moneys available to support  
28 value-added agricultural products and processes pursuant to  
29 section 423.24 during each quarter shall be used by the  
30 department for administration of the value-added agricultural  
31 products and processes financial assistance program, as  
32 provided in section 15E.111. The assets of the fund shall be  
33 used by the department only for carrying out the purposes of  
34 section 15E.111.

35 Sec. 6. NEW SECTION. 15E.113 MICROBUSINESS RURAL

1 ENTERPRISE ASSISTANCE.

2 1. As used in this section:

3 a. "Department" means the department of economic  
4 development.

5 b. "Microbusiness" or "microbusiness enterprise" means a  
6 business producing services with five or fewer full-time  
7 equivalent employee positions and with assistance requirements  
8 of not more than twenty-five thousand dollars.

9 c. "Microbusiness organization" means a nonprofit  
10 corporation organized under chapter 504A which is exempt from  
11 taxation pursuant to section 501(c) of the Internal Revenue  
12 Code and which has a principal mission of actively engaging in  
13 microbusiness development, training, technical assistance, and  
14 capital access for the start-up or expansion of  
15 microbusinesses.

16 2. The department shall allocate one hundred twenty-five  
17 thousand dollars each year from the value-added agricultural  
18 products and processes financial assistance fund to be used  
19 for the purpose of conducting a microbusiness rural enterprise  
20 assistance program.

21 3. The department may contract with a microenterprise  
22 organization actively engaged in microbusiness enterprise to  
23 assist in the establishment of this program. In order to  
24 qualify for the contract, the microenterprise organization  
25 shall do all of the following:

26 a. Demonstrate a past performance of and a capacity to  
27 successfully engage in microbusiness development.

28 b. Have a statewide commitment to and focus on  
29 microbusiness development.

30 c. Provide training and technical assistance.

31 d. Demonstrate an ability to provide access to capital for  
32 start-up or expansion of a microbusiness.

33 e. Have established linkages with financial institutions.

34 f. Demonstrate an ability to provide follow-up technical  
35 assistance after a microbusiness start-up or expansion.

1 4. Moneys allocated pursuant to this section which remain  
2 unexpended or unobligated at the end of a fiscal year shall  
3 remain available to the department to support the assistance  
4 program or may be credited to the value-added agricultural  
5 products and processes financial assistance fund created in  
6 section 15E.112 and shall not revert notwithstanding section  
7 8.33.

8 5. The department shall submit a report in accordance with  
9 section 7A.11 not later than November 1 of each year detailing  
10 the activities of the microenterprise organization and  
11 describing the success of the project.

12 Sec. 7. Section 260F.1, Code 1995, is amended to read as  
13 follows:

14 260F.1 TITLE.

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

17 Sec. 8. Section 260F.2, Code 1995, is amended to read as  
18 follows:

19 260F.2 DEFINITIONS.

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

22 1. "Agreement" is the agreement between a business and a  
23 community college concerning a project.

24 ~~2. "Board of directors" means the board of directors of a~~  
25 ~~community college.~~

26 ~~3.~~ 2. "Community college" means a community college  
27 established under chapter 260C.

28 ~~4.~~ 3. "Date of commencement of the project" means the date  
29 of the preliminary agreement or the date an application for  
30 assistance is received by the department.

31 4. "Department" means the department of economic  
32 development.

33 5. "Eligible business" or "business" means a business  
34 training employees which is engaged in interstate or  
35 intrastate commerce for the purpose of manufacturing,

1 processing, or assembling products, conducting research and  
2 development, or providing services in interstate commerce, but  
3 excludes retail, health, or professional services and which  
4 meets the other criteria established by the Iowa department of  
5 economic-development. ~~"Eligible-business"-does-not-include-a  
6 business-which-closes-or-substantially-reduces-its-operation  
7 in-one-area-of-the-state-of-Iowa-and-relocates-substantially  
8 the-same-operation-in-another-area-of-the-state-of-Iowa.--This  
9 subsection-does-not-prohibit-a-business-from-expanding-its  
10 operations-in-another-area-of-the-state-provided-that-existing  
11 operations-of-a-similar-nature-are-not-closed-or-substantially  
12 reduced.--~~"Small "Eligible business" does not include a  
13 business whose training costs can be economically funded under  
14 chapter 260E, a business which closes or substantially reduces  
15 its employment base in order to relocate substantially the  
16 same operation to another area of the state, or a business  
17 which is involved in a strike, lockout, or other labor  
18 dispute.

19 ~~"Eligible-business"-includes-the-following:~~

20 ~~a.--Retraining-business-which-is-currently-conducting  
21 retooling-of-a-production-facility-~~

22 ~~b.--Small-business-which-meets-other-criteria-established  
23 by-the-department-of-economic-development-relating-to-business  
24 size-~~

25 6. "Employee" means ~~the-person-employed-in-a-new-job-by-a  
26 small-business-or~~ a person currently employed by a business  
27 who is to be retrained trained. However, "employee" does not  
28 include replacement workers who are hired as a result of a  
29 strike, lockout, or other labor dispute.

30 ~~7.--"Incremental-property-taxes"-means-the-taxes-as  
31 provided-in-section-260F.4-~~

32 ~~8. 7. "Jobs training program" or "program" means the  
33 project or projects established by a community college for the  
34 creation-of-jobs-by-providing-education-and-training-of  
35 workers-for-new-jobs-for-a-new-or-expanding-small-business-or~~

1 for-the-retraining-of-workers-of-an-existing-business training  
2 of employees.

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

7 10.---"New-jobs-credit-from-withholding"-means-the-credit-as  
8 provided-in-section-260F-5.

9 11. 8. "Participating business" means the-small-business  
10 providing-new-jobs-or-retraining-jobs-and a business training  
11 employees which enters into an agreement with the community  
12 college.

13 12. 9. "Program costs" means all necessary and incidental  
14 costs of providing program services.

15 13. 10. "Program services" includes but is not limited to  
16 the following:

17 a.---New-jobs-training:

18 b. a. Retraining Training of existing-workers employees.

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

20 d. c. Vocational and skill-assessment services and  
21 testing.

22 e. d. Training facilities, equipment, materials, and  
23 supplies.

24 f.---On-the-job-training:

25 g. e. Administrative expenses for the jobs training  
26 program.

27 h. f. Subcontracted services with institutions governed by  
28 the state board of regents, private colleges or universities,  
29 or other federal, state, or local agencies.

30 i. g. Contracted or professional services.

31 14. 11. "Project" means a training arrangement which is  
32 the subject of an agreement entered into between the community  
33 college and a business to provide program services.

34 15.---"Retooling"-means-upgrading,-modernizing,-or-expanding  
35 a-business-to-increase-the-production-or-efficiency-of

1 business-operations-including, but not limited to, replacing  
2 equipment, introducing new manufacturing processes, or  
3 changing managerial procedures.

4 16. "Retraining job" means a job with an existing business  
5 that is substantially at risk of becoming displaced within the  
6 following ten years due to the retooling of the business.

7 Sec. 9. Section 260F.3, Code 1995, is amended by striking  
8 the section and inserting in lieu thereof the following:

9 260F.3 AGREEMENT.

10 A community college may enter into an agreement to  
11 establish a project. An agreement shall provide for, but is  
12 not limited to, the following:

- 13 1. Date of agreement.
- 14 2. Anticipated number of employees to be trained.
- 15 3. Estimated cost of training.
- 16 4. Anticipated dates of commencement and termination of  
17 training.
- 18 5. Other criteria established by the department.

19 Sec. 10. Section 260F.6, subsection 2, Code Supplement  
20 1995, is amended to read as follows:

21 2. To provide funds for the present payment of the costs  
22 of a training program by the business, the community college  
23 may provide to the business an advance of the moneys to be  
24 used to pay for the program costs as provided in the  
25 agreement. To receive the funds for this advance from the job  
26 training fund established in subsection 1, the community  
27 college shall submit an application to the department of  
28 economic development. The amount of the advance shall not  
29 exceed fifty twenty-five thousand dollars for any project  
30 business site, or fifty thousand dollars within a three-  
31 fiscal-year period for any business site. ~~The advance, if the~~  
32 ~~agreement provides it as a loan, shall be repaid with interest~~  
33 ~~from the sources provided in the agreement.~~ ~~The rate of~~  
34 ~~interest to be charged for advances made in a calendar month~~  
35 ~~is equal to one-half of the average rate of interest on tax~~



1 ~~exempt-certificates-issued-by-community-colleges-pursuant-to~~  
2 ~~chapter-260E-for-the-previous-twelve-months.--The-rate-shall~~  
3 ~~be-computed-by-the-department-of-economic-development.~~ If the  
4 project involves a consortium of businesses, the maximum award  
5 per project shall not exceed fifty thousand dollars.

6 Participation in a consortium does not affect a business  
7 site's eligibility for individual project assistance. Prior  
8 to approval a business shall agree to match program amounts in  
9 accordance with criteria established by the department.

10 Sec. 11. NEW SECTION. 260F.6A BUSINESS NETWORK TRAINING.

11 The community colleges and the department are authorized to  
12 fund business network training projects which include five or  
13 more businesses and are located in two or more community  
14 college districts. A business network training project must  
15 have a designated organization or lead business to serve as  
16 the administrative entity that will coordinate the training  
17 program. The businesses must have common training needs and  
18 develop a plan to meet those needs. The department shall  
19 adopt rules governing this section's operation and participant  
20 eligibility.

21 Sec. 12. Section 260F.7, Code 1995, is amended to read as  
22 follows:

23 260F.7 DEPARTMENT OF ECONOMIC DEVELOPMENT TO COORDINATE.

24 The department of economic development, in consultation  
25 with the department of education and the division of job  
26 service of the department of employment services, shall  
27 coordinate the jobs training program. A project shall not be  
28 funded under this chapter unless the department of economic  
29 development approves the project. The department of economic  
30 development shall adopt rules pursuant to chapter 17A that the  
31 ~~community-college-will-use-in-developing-projects-with-new-and~~  
32 ~~expanding-small-business-new-jobs-training-proposals-or~~  
33 ~~existing-business-retraining-proposals~~ governing the program's  
34 operation and eligibility for participation in the program.  
35 The department shall establish by rule criteria for

1 determining what constitutes an eligible business. A project  
2 shall not be funded under this chapter unless the department  
3 approves the project. The department shall establish by rule  
4 criteria for approval of projects. The department may adopt  
5 any rule effective immediately upon filing with the  
6 administrative rules coordinator or at a subsequent stated  
7 date prior to indexing and publication, or at a stated date  
8 less than thirty-five days after filing, indexing, and  
9 publication. The department of economic development shall  
10 prepare an annual report for the governor and general assembly  
11 on the activities and the future anticipated needs of this  
12 jobs training program.

13 Sec. 13. Section 260F.8, Code 1995, is amended to read as  
14 follows:

15 260F.8 ALLOCATION.

16 1. For the each fiscal year beginning July 1, 1992, and  
17 subsequent years, the department of economic development shall  
18 make funds available to the community colleges. The  
19 department shall allocate by formula at the beginning of the  
20 fiscal year from the moneys in the fund an amount for each  
21 merged-area community college to be used to provide the  
22 financial assistance for proposals of businesses located in  
23 the merged-area whose applications have been approved by the  
24 department. The financial assistance shall be provided by the  
25 department from the amount set aside for that merged-area  
26 community college. If any portion of the moneys set aside for  
27 a merged-area community college have not been used or  
28 committed by March May 1 of the fiscal year, that portion is  
29 available for use by the department to provide financial  
30 assistance to businesses located in other merged-area  
31 community colleges. The department shall adopt by rule a  
32 formula for this set-aside based on population and per capita  
33 income of the merged-area.

34 2. Moneys available to the community colleges for this  
35 program may be used to provide grants forgivable loans to

1 train for new jobs or retain existing jobs when the project  
2 costs are less than five thousand dollars employees. If the  
3 project is for a consortium of businesses, project costs shall  
4 not exceed an average of five thousand dollars per business.

5 Sec. 14. Section 403.19, subsection 1, paragraph c, Code  
6 1995, is amended to read as follows:

7 c. For the purposes of dividing taxes under sections  
8 section 260E.4 and 260F.4, the applicable assessment roll for  
9 purposes of paragraph "a" shall be the assessment roll as of  
10 January 1 of the calendar year preceding the first written  
11 agreement providing that all or a portion of program costs are  
12 to be paid for by incremental property taxes. The community  
13 college shall file a copy of the agreement with the  
14 appropriate assessor. The assessor may, within fourteen days  
15 of such filing, physically inspect the applicable taxable  
16 business property. If upon such inspection the assessor  
17 determines that there has been a change in the value of the  
18 property from the value as shown on the assessment roll as of  
19 January 1 of the calendar year preceding the filing of the  
20 agreement and such change in value is due to new construction,  
21 additions or improvements to existing structures, or  
22 remodeling of existing structures for which a building permit  
23 was required, the assessor shall promptly determine the value  
24 of the property as of the inspection in the manner provided in  
25 chapter 441 and that value shall be included for purposes of  
26 the jobs training project in the assessed value of the  
27 employer's taxable business property as shown on the  
28 assessment roll as of January 1 of the calendar year preceding  
29 the filing of the agreement. The assessor, within thirty days  
30 of such filing, shall notify the community college and the  
31 employer or business of that valuation which shall be included  
32 in the assessed valuation for purposes of this subsection and  
33 section 260E.4 or 260F.4. The value determined by the  
34 assessor shall reflect the change in value due solely to new  
35 construction, additions or improvements to existing

1 structures, or remodeling of existing structures for which a  
2 building permit was required.

3 Sec. 15. Section 422.16A, Code Supplement 1995, is amended  
4 to read as follows:

5 422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND  
6 TRANSFER.

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

24 Sec. 16. Section 427B.17, subsection 7, Code Supplement  
25 1995, is amended to read as follows:

26 7. For the purpose of dividing taxes under section 260E.4  
27 ~~or-260F-4~~, the employer's or business's valuation of property  
28 defined in section 427A.1, subsection 1, paragraphs "e" and  
29 "j", and used to fund a new jobs training project which  
30 project's first written agreement providing for a division of  
31 taxes as provided in section 403.19 is approved on or before  
32 June 30, 1995, shall be limited to thirty percent of the net  
33 acquisition cost of the property. An employer's or business's  
34 taxable property used to fund a new jobs training project  
35 shall not be valued pursuant to subsection 2 or 3, whichever

1 is applicable, until the assessment year following the  
2 calendar year in which the certificates or other funding  
3 obligations have been retired or escrowed. The taxpayer's  
4 valuation for such property shall then be the valuation  
5 specified in subsection 1 for the applicable assessment year.  
6 If the certificates issued, or other funding obligations  
7 incurred, between January 1, 1982, and June 30, 1995, are  
8 refinanced or refunded after June 30, 1995, the valuation of  
9 such property shall then be the valuation specified in  
10 subsection 2 or 3, whichever is applicable, for the applicable  
11 assessment year beginning with the assessment year following  
12 the calendar year in which those certificates or other funding  
13 obligations are refinanced or refunded after June 30, 1995.

14 Sec. 17. 1995 Iowa Acts, chapter 184, section 12, is  
15 repealed.

16 Sec. 18. REPEALS. Sections 260F.4 and 260F.5, Code 1995,  
17 are repealed.

18

#### EXPLANATION

19 This bill makes changes and additions to department of  
20 economic development programs. The bill provides as follows:

21 Sections 15.343 and 422.16A are amended to change the cap  
22 on the amount which can be transferred into the workforce  
23 development fund from employer withholding amounts previously  
24 used to retire job training program certificates under chapter  
25 260E from \$2 million to \$10 million. The bill also repeals  
26 the provisions enacted as part of House File 573 in 1995 which  
27 sunset the workforce development fund program in 1997.

28 The bill creates an innovative skill development account to  
29 the workforce development fund program. Moneys in the account  
30 shall be used to fund business network training and other  
31 innovative skill development training for Iowa businesses.

32 Section 15A.7 is created authorizing a supplemental new  
33 jobs credit from withholding for employers creating jobs which  
34 pay at least the average wage in the county in which the jobs  
35 are located. The supplemental credit would be an amount equal

1 to 1.50 percent of the gross wages paid on the jobs and would  
2 be used to fund job training program services. The  
3 supplemental credit from withholding is to be administered in  
4 the same manner as the new jobs credit under chapter 260E and  
5 is in addition to and not in lieu of the credit under chapter  
6 260E.

7 Section 15E.112 is amended to provide that not more than 4  
8 percent (currently one percent) of the total moneys available  
9 to the support value-added agricultural products and processes  
10 program during each quarter may be used for administration of  
11 the program.

12 New section 15E.113 provides that the department may  
13 contract with a microbusinesses organization which meets  
14 certain criteria, including a track record of assistance to  
15 microbusinesses, to establish a program of assistance to rural  
16 microbusinesses. The section also provides that \$125,000 of  
17 the moneys available for the value-added agricultural products  
18 and processes program shall be used annually to fund the  
19 microbusiness rural enterprise assistance program.

20 Microbusinesses are defined by the bill as service businesses  
21 employing five or fewer full-time equivalent employees with  
22 the need for up to \$25,000 in assistance. The department is  
23 to report to the general assembly regarding the activities of  
24 the program. Further, moneys allocated to the program are not  
25 to revert to the general fund.

26 The bill renames chapter 260F the Iowa jobs training Act  
27 and makes several changes to the chapter including the  
28 following:

29 1. Businesses which are eligible for assistance are those  
30 which are currently training existing employees, rather than  
31 employees in new jobs. The bill provides that a business is  
32 ineligible for assistance if the business closes or  
33 substantially reduces employment to relocate to another area  
34 of the state or is involved in a strike, lockout, or other  
35 labor dispute and that program funds shall not be used to

1 train replacement workers hired as part of a labor dispute.

2 2. The bill eliminates the tax increment financing  
3 provisions currently used to provide program funds under the  
4 chapter. The new jobs credit from withholding is also  
5 eliminated. This provision allowed 1.50 percent of the gross  
6 wages paid to each employee in a new job training project to  
7 be credited to the cost of the training project. The  
8 department of economic development shall allocate funds for  
9 projects under the chapter.

10 3. The bill also provides for training of groups of  
11 businesses and for providing a maximum amount of assistance  
12 for businesses participating in training under chapter 260F  
13 would be \$25,000 per business with a cap of \$50,000 per three-  
14 year period.

15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

SENATE FILE 2351

AN ACT

RELATING TO DEPARTMENT OF ECONOMIC DEVELOPMENT PROGRAMS,  
INCLUDING THE WORKFORCE DEVELOPMENT FUND PROGRAM AND THE IOWA  
SMALL BUSINESS NEW JOBS TRAINING ACT, PROVIDING A SUPPLEMENTAL  
NEW JOBS CREDIT FROM WITHHOLDING, MAKING AN ANNUAL ALLOCATION  
FROM AN APPROPRIATION, AND ESTABLISHING AN EFFECTIVE DATE.

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

Section 1. NEW SECTION. 15.342A WORKFORCE DEVELOPMENT  
FUND ACCOUNT.

A workforce development fund account is established in the  
office of the treasurer of state under the control of the  
department. The account shall receive funds pursuant to  
section 422.16A up to a maximum of ten million dollars per  
year.

Sec. 2. Section 15.343, subsection 1, paragraph b, Code  
Supplement 1995, is amended by striking the paragraph.

Sec. 3. Section 15.343, subsection 1, paragraph c, Code  
Supplement 1995, is amended to read as follows:

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

Sec. 4. Section 15.343, subsection 1, paragraph c, Code  
Supplement 1995, as otherwise amended by this Act, is amended  
by striking the paragraph and inserting in lieu thereof the  
following:

c. Moneys appropriated to the fund from the workforce  
development fund account established in section 15.342A.

Sec. 5. Section 15.343, subsection 2, Code Supplement  
1995, is amended by striking the subsection and inserting in  
lieu thereof the following:

2. The assets of the fund shall be used by the department  
for the following programs and purposes:

a. Training and retraining programs for targeted  
industries.

b. Projects under chapter 260F. The department shall  
require a match from all businesses participating in a  
training project under chapter 260F.

c. Apprenticeship programs under section 260C.44,  
including new or statewide building trades apprenticeship  
programs.

d. Innovative skill development activities.

Sec. 6. Section 15.343, subsection 3, Code Supplement  
1995, is amended to read as follows:

3. The director shall submit annually not later than  
January 1 of each year at a regular or special meeting  
~~preceding the beginning of the fiscal year~~, for approval by  
the economic development board, the proposed allocation of  
funds from the workforce development fund to be made for ~~that~~  
the next fiscal year for the programs and purposes contained  
in subsection 2. The director shall also submit a copy of the  
proposed allocation to the chairpersons of the joint economic  
development appropriations subcommittee of the general  
assembly. ~~Subject to approval under~~ Notwithstanding section  
~~8.39 for transfer of allocations between programs contained in~~  
subsection 2, the plan may provide for increased or decreased  
allocations if the demand for a program indicates that the  
need is greater or lesser than the allocation for that  
program. The director shall report on a quarterly basis to  
the board on the status of the funds and may present proposed  
revisions for approval by the board in January and April of  
each year. The director shall also provide quarterly reports  
to the legislative fiscal bureau on the status of the funds.  
Unobligated and unencumbered moneys remaining in the workforce  
development fund or any of its accounts on June 30 of each  
year shall be considered part of the fund for purposes of the  
next year's allocation.

Sec. 7. NEW SECTION. 15.344 COMMON SYSTEM -- ASSESSMENT  
AND TRACKING.

The department shall use information from the customer  
tracking system administered by the department of workforce  
development under section 84A.2, if enacted by Senate File



2409 or House File 2463, to determine the economic impact of the programs. To the extent possible, the department shall track individuals and businesses who have received assistance or services through the fund to determine whether the assistance or services has resulted in increased wages paid to the individuals or paid by the businesses.

Sec. 8. NEW SECTION. 15A.7 SUPPLEMENTAL NEW JOBS CREDIT FROM WITHHOLDING.

In order to promote the creation of additional high-quality new jobs within the state, an agreement under section 260E.3 may include a provision for a supplemental new jobs credit from withholding from jobs created under the agreement. A provision in an agreement for which a supplemental credit from withholding is included shall provide for the following:

1. That the project shall be administered in the same manner as a project under chapter 260E and that a supplemental new jobs credit from withholding in an amount equal to one and one-half percent of the gross wages paid by the employer pursuant to section 422.16 is authorized to fund the program services for the additional project.

2. That the supplemental new jobs credit from withholding shall be collected, accounted for, and may be pledged by the community college in the same manner as described in section 260E.5.

3. That the employer shall agree to pay wages for the jobs for which the credit is taken of at least the average county wage or average regional wage, whichever is lower, as compiled annually by the department for the community economic betterment program. For the purposes of this section, the average regional wage shall be compiled based upon the service delivery areas in section 84B.2, if enacted by 1996 Iowa Acts, Senate File 2409. Eligibility for the supplemental credit shall be based on a one-time determination of starting wages by the community college.

4. To provide funds for the payment of the costs of the additional project, a community college may borrow money, issue and sell certificates, and secure the payment of the

certificates in the same manner as described in section 260E.6, including, but not limited to, providing the assessment of an annual levy as described in section 260E.6, subsection 4. The program and credit authorized by this subsection is in addition to, and not in lieu of, the program and credit authorized in chapter 260E.

Sec. 9. Section 260F.1, Code 1995, is amended to read as follows:

260F.1 TITLE.

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

Sec. 10. Section 260F.2, Code 1995, is amended to read as follows:

260F.2 DEFINITIONS.

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

1. "Agreement" is the agreement between a business and a community college concerning a project.

~~2. "Board of directors" means the board of directors of a community college.~~

~~3. 2.~~ "Community college" means a community college established under chapter 260C.

~~4. 3.~~ "Date of commencement of the project" means the date of the preliminary agreement or the date an application for assistance is received by the department.

4. "Department" means the department of economic development.

5. "Eligible business" or "business" means a business training employees which is 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 department of economic development. ~~"Eligible 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 Eligible business" does not include a business whose training costs can be economically funded under chapter 260E, a business which closes or substantially reduces its employment base in order to relocate substantially the same operation to another area of the state, or a business which is involved in a strike, lockout, or other labor dispute in Iowa.

~~"Eligible business" includes the following:~~

~~a. Retraining business which is currently conducting retooling of a production facility.~~

~~b. Small business which meets other criteria established by the department of economic development relating to business size.~~

6. "Employee" means the person employed in a new job by a small business or a person currently employed by a business who is to be retrained trained. However, "employee" does not include replacement workers who are hired as a result of a strike, lockout, or other labor dispute in Iowa.

~~7. "Incremental property taxes" means the taxes as provided in section 260F.4.~~

8. 7. "Jobs training program" or "program" means the project or projects established by a community college for the creation of jobs by providing education and training of workers for new jobs for a new or expanding small business or for the retraining of workers of an existing business training of employees.

~~9. "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.~~

~~10. "New jobs credit from withholding" means the credit as provided in section 260F.5.~~

~~11. 8. "Participating business" means the small business providing new jobs or retraining jobs and a business training employees which enters into an agreement with the community college.~~

~~12. 9. "Program costs" means all necessary and incidental costs of providing program services.~~

~~13. 10. "Program services" includes but is not limited to the following:~~

~~a. New jobs training.~~

~~b. a. Retraining Training of existing workers employees.~~

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

~~d. c. Vocational and skill-assessment services and testing.~~

~~e. d. Training facilities, equipment, materials, and supplies.~~

~~f. On the job training.~~

~~g. e. Administrative expenses for the jobs training program.~~

~~h. f. Subcontracted services with institutions governed by the state board of regents, private colleges or universities, or other federal, state, or local agencies.~~

~~i. g. Contracted or professional services.~~

~~14. 11. "Project" means a training arrangement which is the subject of an agreement entered into between the community college and a business to provide program services.~~

~~15. "Retooling" means upgrading, modernizing, or expanding a business to increase the production or efficiency of business operations including, but not limited to, replacing equipment, introducing new manufacturing processes, or changing managerial procedures.~~

~~16. "Retraining job" means a job with an existing business that is substantially at risk of becoming displaced within the following ten years due to the retooling of the business.~~

Sec. 11. Section 260F.3, Code 1995, is amended by striking the section and inserting in lieu thereof the following:  
260F.3 AGREEMENT.

A community college may enter into an agreement to establish a project. An agreement shall provide for, but is not limited to, the following:

1. Date of agreement.
2. Anticipated number of employees to be trained.
3. Estimated cost of training.
4. Anticipated dates of commencement and termination of training.
5. Other criteria established by the department.

Sec. 12. Section 260F.6, subsection 2, Code Supplement 1995, is amended to read as follows:

2. To provide funds for the present payment of the costs of a training program by the business, the community college may provide to the business 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 job training fund established in subsection 1, the community college shall submit an application to the department of economic development. The amount of the advance shall not exceed fifty twenty-five thousand dollars for any project business site, or fifty thousand dollars within a three-fiscal-year period for any business site. ~~The advance, if the agreement provides it as a loan, 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 tax exempt certificates issued by community colleges pursuant to chapter 260E for the previous twelve months. The rate shall be computed by the department of economic development.~~ If the project involves a consortium of businesses, the maximum award per project shall not exceed fifty thousand dollars. Participation in a consortium does not affect a business site's eligibility for individual project assistance. Prior to approval a business shall agree to match program amounts in accordance with criteria established by the department.

Sec. 13. NEW SECTION. 260F.6A BUSINESS NETWORK TRAINING.

The community colleges and the department are authorized to fund business network training projects which include five or more businesses and are located in two or more community college districts. A business network training project must have a designated organization or lead business to serve as the administrative entity that will coordinate the training program. The businesses must have common training needs and develop a plan to meet those needs. The department shall adopt rules governing this section's operation and participant eligibility.

Sec. 14. Section 260F.7, Code 1995, is amended to read as follows:

260F.7 DEPARTMENT OF ECONOMIC DEVELOPMENT TO COORDINATE.

The department of economic development, in consultation with the department of education and the division of job service of the department of employment services, shall coordinate the jobs training program. A project shall not be funded under this chapter unless the department of economic development approves the project. ~~The department of economic development shall adopt rules pursuant to chapter 17A that the community college will use in developing projects with new and expanding small business new jobs training proposals or existing business retraining proposals governing the program's operation and eligibility for participation in the program.~~ The department shall establish by rule criteria for determining what constitutes an eligible business. ~~A project shall not be funded under this chapter unless the department approves the project. The department shall establish by rule criteria for approval of projects. The department may adopt any rule 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 department of economic development shall prepare an annual report for the governor and general assembly on the activities and the future anticipated needs of this jobs training program.~~

Sec. 15. Section 260F.8, Code 1995, is amended to read as follows:

260F.8 ALLOCATION.

1. For the ~~each~~ fiscal year ~~beginning July 1, 1992, and subsequent years~~, the department of economic development shall make funds available to the community colleges. The department shall allocate by formula ~~at the beginning of the fiscal year~~ from the moneys in the fund an amount for each ~~merged-area~~ community college to be used to provide the financial assistance for proposals of businesses ~~located in the merged-area~~ whose applications have been approved by the department. The financial assistance shall be provided by the department from the amount set aside for that ~~merged-area~~ community college. If any portion of the moneys set aside for a ~~merged-area~~ community college have not been used or committed by ~~March~~ May 1 of the fiscal year, that portion is available for use by the department to provide financial assistance to businesses located in other ~~merged-areas~~ community colleges. The department shall adopt by rule a formula for this set-aside ~~based on population and per capita income of the merged area~~.

2. Moneys available to the community colleges for this program may be used to provide grants forgivable loans to ~~train for new jobs or retain existing jobs when the project costs are less than five thousand dollars~~ employees. ~~If the project is for a consortium of businesses, project costs shall not exceed an average of five thousand dollars per business.~~

Sec. 16. Section 403.19, subsection 1, paragraph c, Code 1995, is amended to read as follows:

c. For the purposes of dividing taxes under ~~sections~~ section 260E.4 and 260F.4, the applicable assessment roll for purposes of paragraph "a" shall be the assessment roll as of January 1 of the calendar year preceding the first written agreement providing that all or a portion of program costs are to be paid for by incremental property taxes. The community college shall file a copy of the agreement with the appropriate assessor. The assessor may, within fourteen days

of such filing, physically inspect the applicable taxable business property. If upon such inspection the assessor determines that there has been a change in the value of the property from the value as shown on the assessment roll as of January 1 of the calendar year preceding the filing of the agreement and such change in value is due to new construction, additions or improvements to existing structures, or remodeling of existing structures for which a building permit was required, the assessor shall promptly determine the value of the property as of the inspection in the manner provided in chapter 441 and that value shall be included for purposes of the jobs training project in the assessed value of the employer's taxable business property as shown on the assessment roll as of January 1 of the calendar year preceding the filing of the agreement. The assessor, within thirty days of such filing, shall notify the community college and the employer or business of that valuation which shall be included in the assessed valuation for purposes of this subsection and section 260E.4 ~~or 260F.4~~. The value determined by the assessor shall reflect the change in value due solely to new construction, additions or improvements to existing structures, or remodeling of existing structures for which a building permit was required.

Sec. 17. Section 422.16A, Code Supplement 1995, as otherwise amended by this Act, is amended to read as follows:

422.16A JOB TRAINING WITHHOLDING -- CERTIFICATION AND TRANSFER.

Upon payment in full of a certificate of participation or other obligation issued to fund a job training program under chapter 260E, including a certificate of participation repaid in whole or in part by the supplemental new jobs credit from withholding under section 15A.7, the community college providing the job training program shall notify the department of economic development of the amount paid by the employer or business to the community college to retire the certificate during the previous last twelve months of withholding collections. The department of economic development shall

notify the department of revenue and finance of that amount. The department shall credit to the workforce development fund account established in section 15-343 15.342A twenty-five percent of that amount each quarter for a period of ten years. If the amount of withholding from the business or employer is insufficient, the department shall prorate the quarterly amount credited to the workforce development fund account. The maximum amount from all employers which shall be transferred to the workforce development fund account in any year is two ten million dollars.

Sec. 18. Section 427B.17, subsection 7, Code Supplement 1995, is amended to read as follows:

7. For the purpose of dividing taxes under section 260E.4 ~~or 260F.4~~, the employer's or business's valuation of property defined in section 427A.1, subsection 1, paragraphs "e" and "j", and used to fund a new jobs training project which project's first written agreement providing for a division of taxes as provided in section 403.19 is approved on or before June 30, 1995, shall be limited to thirty percent of the net acquisition cost of the property. An employer's or business's taxable property used to fund a new jobs training project shall not be valued pursuant to subsection 2 or 3, whichever is applicable, until the assessment year following the calendar year in which the certificates or other funding obligations have been retired or escrowed. The taxpayer's valuation for such property shall then be the valuation specified in subsection 1 for the applicable assessment year. If the certificates issued, or other funding obligations incurred, between January 1, 1982, and June 30, 1995, are refinanced or refunded after June 30, 1995, the valuation of such property shall then be the valuation specified in subsection 2 or 3, whichever is applicable, for the applicable assessment year beginning with the assessment year following the calendar year in which those certificates or other funding obligations are refinanced or refunded after June 30, 1995.

Sec. 19. 1995 Iowa Acts, chapter 184, section 12, is repealed.

Sec. 20. Sections 15.345 and 15.346, Code Supplement 1995, are repealed.

Sec. 21. REPEALS. Sections 260F.4 and 260F.5, Code 1995, are repealed.

---

LEONARD L. BOSWELL  
President of the Senate

---

RON J. CORBETT  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2351, Seventy-sixth General Assembly.

---

JOHN F. DWYER  
Secretary of the Senate

Approved 4/30, 1996

---

TERRY E. BRANSTAD  
Governor