

Senate Study Bill 2238

Conference Committee Text

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1 1 Section 1. Section [422.33](#), Code Supplement 1995, is
1 2 amended by adding the following new subsection:
1 3 NEW SUBSECTION. 9. The taxes imposed under this division
1 4 shall be abated for a period of up to five tax years as
1 5 provided in this subsection.
1 6 a. To be eligible for the tax abatement, the taxpayer must
1 7 increase the number of full-time production jobs at sites
1 8 located in the state by fifty percent from the previous tax
1 9 year. If the taxpayer did not have full-time production jobs
1 10 in the state in the previous tax year, the taxpayer is
1 11 eligible if the taxpayer creates full-time production jobs at
1 12 sites located in the state. However, the taxpayer is not
1 13 eligible if at any time during the last five years the
1 14 taxpayer or taxpayer's predecessor has used permanent
1 15 replacement workers. For purposes of this subsection,
1 16 "production job" means employment which, by means of
1 17 manufacturing, processing, or combining, adds value to a
1 18 commodity or product.
1 19 b. A taxpayer who is eligible for the tax abatement shall
1 20 qualify and receive the tax abatement for the tax year if all
1 21 of the following criteria are met:
1 22 (1) Production workers at each work site located in the
1 23 state are paid in wages at least one hundred fifty percent per
1 24 hour of the county average hourly wage for that site.
1 25 (2) At least two percent of the taxpayer's gross sales
1 26 made during the tax year are spent for worker training.
1 27 (3) Employees are offered all of the following benefits:
1 28 (a) A standard benefit health care plan which applies to
1 29 all employees, including part-time workers, and does not
1 30 discriminate in favor of highly compensated employees, as
1 31 defined in section 414(q) of the Internal Revenue Code.
1 32 (b) A pension or profit-sharing plan.
1 33 (c) A dependent care assistance program that provides a
1 34 facility or financial assistance and meets the definition of a
1 35 dependent care assistance program in section 129(d) of the
2 1 Internal Revenue Code.
2 2 c. The taxpayer may continue to receive a tax abatement
2 3 for each year of the next four tax years for which both of the
2 4 following apply:
2 5 (1) The number of full-time production jobs added or
2 6 created as specified under paragraph "a" are maintained.
2 7 (2) All the criteria designated in paragraph "b" are met.
2 8 d. The tax abatement granted under this subsection shall
2 9 be calculated as a percentage of the tax due under this
2 10 division. The percentage equals that percentage of total
2 11 full-time production jobs at sites located in the state as of
2 12 the end of the first tax year which were added or created as
2 13 specified in paragraph "a". This percentage shall be used for
2 14 subsequent tax years for which abatement is received as
2 15 provided under paragraph "c".
2 16 e. The amount of tax abated under this subsection shall be
2 17 determined and taken prior to all other corporate income tax
2 18 credits.
2 19 Sec. 2. This Act applies to tax years beginning on or
2 20 after the effective date of this Act.
2 21

EXPLANATION

2 22 The bill provides for the abatement of a corporation's
2 23 income tax if it increases by 50 percent its full-time
2 24 production jobs workforce in Iowa or if it creates a workforce
2 25 in Iowa and meets other criteria. These criteria include:
2 26 spends for worker training 2 percent of gross sales; pays
2 27 wages of 150 percent of the county average wage; and offers
2 28 its employees a standard benefit health care plan, pension or
2 29 profit-sharing plan, and dependent care program. The
2 30 abatement can be had for up to 5 tax years. The amount of the
2 31 abatement is a percent of the tax. The percentage amount is
2 32 the percent of the total full-time production jobs located in
2 33 Iowa at the end of the first tax year which were added or
2 34 created during the first tax year. This percentage applies to
2 35 the subsequent tax years. The abatement is to be taken prior
3 1 to all other corporate credits.
3 2 LSB 4281SC 76
3 3 mg/jj/8