

House Study Bill 255

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON HOFFMAN)

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

A BILL FOR

1 An Act creating workforce training and economic development funds
2 for community colleges, increasing the excise tax on
3 cigarettes, making related appropriations, and providing
4 effective dates.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 3015YC 80
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1 1 Section 1. NEW SECTION. 260C.18A WORKFORCE TRAINING AND
1 2 ECONOMIC DEVELOPMENT FUNDS.
1 3 1. a. For each community college a separate workforce
1 4 training and economic development fund is created in the state
1 5 treasury under the control of the department of management.
1 6 b. Moneys in the funds shall consist of any moneys
1 7 appropriated by the general assembly and any other moneys
1 8 available to and obtained or accepted by the department of
1 9 management from federal sources or private sources for
1 10 placement in the funds. Notwithstanding section 8.33, moneys
1 11 in the funds at the end of each fiscal year shall not revert
1 12 to any other fund but shall remain in the funds for
1 13 expenditure in subsequent fiscal years.
1 14 c. (1) For fiscal years beginning on or after July 1,
1 15 2003, through the fiscal year beginning July 1, 2006, by
1 16 February 14 of each year, a community college board of
1 17 directors shall deliver notification to the director of the
1 18 department of management regarding both of the following:
1 19 (a) The sum of moneys which the community college is
1 20 eligible to collect during the subsequent fiscal year from the
1 21 community college's workforce training and economic
1 22 development fund calculated pursuant to the procedure provided
1 23 in subsection 3.
1 24 (b) The amount of money the community college is
1 25 requesting to receive from the community college's workforce
1 26 training and economic development fund during the subsequent
1 27 fiscal year.
1 28 (2) In providing the notification, a community college
1 29 board shall provide any supporting information required by the
1 30 department of management.
1 31 (3) The department of management shall not approve or deny
1 32 any individual projects, programs, or courses for which moneys
1 33 from a workforce training and economic development fund are
1 34 expended.
1 35 (4) The director of the department of management shall use
2 1 information submitted pursuant to this paragraph for purposes
2 2 of making allocation determinations under subsection 4.
2 3 (5) The director of the department of management shall
2 4 notify each community college by March 1 of each year of the
2 5 allocation each community college will receive from the
2 6 workforce training and economic development fund for that
2 7 community college in the subsequent fiscal year. A copy of
2 8 this notification shall be submitted to the treasurer of
2 9 state.
2 10 2. On July 1 of each year for the fiscal year beginning
2 11 July 1, 2003, through the fiscal year beginning July 1, 2006,
2 12 moneys from a fund created for biotechnology-related purposes
2 13 enacted by the general assembly during the 2003 legislative
2 14 session are appropriated to the department of management for
2 15 deposit in the workforce training and economic development
2 16 funds in amounts determined pursuant to subsection 4. For
2 17 fiscal years beginning on or after July 1, 2007, moneys
2 18 collected pursuant to section 453A.6 equivalent to nine mills
2 19 per cigarette are appropriated to the department of management
2 20 for deposit in the workforce training and economic development

2 21 funds. Moneys deposited in the funds and disbursed to
2 22 community colleges for a fiscal year shall be expended for the
2 23 following purposes, provided seventy percent of the moneys
2 24 shall be used on projects in the areas of advanced
2 25 manufacturing, information technology and insurance, and life
2 26 sciences which include the areas of biotechnology, health care
2 27 technology, and nursing care technology:

2 28 a. Projects in which an agreement between a community
2 29 college and an employer located within the community college's
2 30 merged area meet all of the requirements of the accelerated
2 31 career education program under chapter 260G. However, when
2 32 moneys are provided through a workforce training and economic
2 33 development fund for such projects, sections 260G.4A through
2 34 260G.6 shall not apply and the agreement for providing program
2 35 costs may include moneys from the workforce training and
3 1 economic development fund in addition to the sources listed in
3 2 section 260G.3, subsection 2, paragraphs "b" through "d".

3 3 b. Projects in which an agreement between a community
3 4 college and a business meet all the requirements of the Iowa
3 5 jobs training Act under chapter 260F. However, when moneys
3 6 are provided through a workforce training and economic
3 7 development fund for such projects, sections 260F.6, 260F.7,
3 8 and 260F.8 shall not apply.

3 9 c. Career technical academies.

3 10 d. Courses and programs for entrepreneurial development.

3 11 e. Programs and courses that provide vocational and
3 12 technical training, and programs for in-service training and
3 13 retraining under section 260C.1, subsections 2 and 3.

3 14 3. For a fiscal year, a community college is eligible to
3 15 receive moneys from the workforce training and economic
3 16 development fund for the community college in an amount that
3 17 shall not exceed the sum of the following:

3 18 a. The community college's budgeted employer contributions
3 19 under the Federal Insurance Contributions Act for the fiscal
3 20 year.

3 21 b. The community college's budgeted employer contributions
3 22 to the community college's employees retirement systems for
3 23 the fiscal year.

3 24 c. For the fiscal year beginning July 1, 2003, the moneys
3 25 the community college would receive from the collection of
3 26 property tax of fifteen cents per thousand dollars on all
3 27 taxable property in the community college's merged area for
3 28 that fiscal year. For the fiscal year beginning July 1, 2004,
3 29 and each succeeding fiscal year, the moneys the community
3 30 college would receive from the collection of a property tax on
3 31 all taxable property in the community college's merged area
3 32 for the fiscal year using the tax rate used for purposes of
3 33 this calculation in the previous fiscal year multiplied by an
3 34 amount equal to the sum of one plus the state growth
3 35 percentage established pursuant to section 257.8 for the
4 1 budget year beginning that July 1 of the fiscal year
4 2 calculated.

4 3 4. a. For fiscal years beginning on or after July 1,
4 4 2003, through the fiscal year beginning July 1, 2006, the
4 5 maximum cumulative total amount of moneys that may be
4 6 deposited in all the workforce training and economic
4 7 development funds for distribution to community colleges in a
4 8 fiscal year shall be determined as follows:

4 9 (1) Ten million dollars for the fiscal year beginning July
4 10 1, 2003.

4 11 (2) Twenty million dollars for the fiscal year beginning
4 12 July 1, 2004.

4 13 (3) Thirty million dollars for the fiscal year beginning
4 14 July 1, 2005.

4 15 (4) Forty million dollars for the fiscal year beginning
4 16 July 1, 2006.

4 17 (5) For the fiscal year beginning July 1, 2007, and each
4 18 succeeding fiscal year, the maximum cumulative total amount
4 19 shall be calculated by multiplying the maximum cumulative
4 20 total amount of the previous fiscal year by the amount of the
4 21 sum of one plus the state growth percentage established
4 22 pursuant to section 257.8 for the budget year beginning that
4 23 July 1 of the fiscal year calculated.

4 24 b. If the total amount of the requested amounts of moneys
4 25 for all of the workforce training and economic development
4 26 funds in a fiscal year exceeds the maximum cumulative total
4 27 amount determined in paragraph "a", the director of the
4 28 department of management shall prorate the allowable
4 29 allocation for each community college by the ratio of a
4 30 community college's requested amount for its workforce
4 31 training and economic development fund to the total amount

4 32 requested by all the community colleges.

4 33 Sec. 2. Section 453A.6, subsection 1, Code 2003, is
4 34 amended to read as follows:

4 35 1. There is imposed, and shall be collected and paid to
5 1 the department, the following taxes on all cigarettes used or
5 2 otherwise disposed of in this state for any purpose
5 3 whatsoever:

5 4 Class A. On cigarettes weighing not more than three pounds
5 5 per thousand, ~~eighteen~~ twenty-seven mills on each such
5 6 cigarette.

5 7 Class B. On cigarettes weighing more than three pounds per
5 8 thousand, ~~eighteen~~ twenty-seven mills on each such cigarette.

5 9 Sec. 3. NOTICES. For purposes of the fiscal year
5 10 beginning July 1, 2003, a community college shall, within
5 11 thirty days of the effective date of this Act, deliver notice
5 12 to the director of the department of management which includes
5 13 the information required in section 260C.18A, subsection 1,
5 14 paragraph "c", subparagraph (1). Upon determination by the
5 15 director regarding the amount each community college is
5 16 eligible to receive from workforce training and economic
5 17 development funds, the director shall notify each community
5 18 college and the state treasurer of the moneys to be received.

5 19 Sec. 4. EFFECTIVE DATES.

5 20 1. Sections 1, 3, and 4 of this Act, being deemed of
5 21 immediate importance, take effect upon enactment.

5 22 2. Section 2 of this Act, relating to the excise tax
5 23 imposed on the use or disposal of cigarettes, shall take
5 24 effect July 1, 2007.

5 25 EXPLANATION

5 26 This bill relates to workforce training and economic
5 27 development funds for community colleges, increases the excise
5 28 tax on cigarettes, and makes related appropriations.

5 29 The bill creates in the state treasury one workforce
5 30 training and economic development fund, for each community
5 31 college, under the control of the department of management.
5 32 The bill provides that moneys in the funds shall consist of
5 33 any moneys appropriated by the general assembly and any other
5 34 moneys available to and obtained or accepted by the department
5 35 of management from federal sources or private sources for
6 1 placement in the funds.

6 2 The bill provides that for fiscal years beginning on or
6 3 after July 1, 2003, through the fiscal year beginning July 1,
6 4 2006, by February 14 of each year, a community college board
6 5 shall deliver notification to the director of the department
6 6 of management regarding the sum of moneys for which the
6 7 community college is eligible to collect during the subsequent
6 8 fiscal year from the community college's workforce training
6 9 and economic development fund and the sum of moneys the
6 10 community college is requesting to receive from the community
6 11 college's workforce training and economic development fund
6 12 during the subsequent fiscal year. The bill provides that the
6 13 department of management shall not approve or deny any
6 14 individual projects, programs, or courses for which moneys
6 15 from a workforce training and economic development fund are
6 16 expended. The bill provides that the director shall notify
6 17 each community college by March 1 of each year of the
6 18 allocation each community college will receive from the
6 19 workforce training and economic development fund.

6 20 The bill provides that, on July 1 of each year for the
6 21 fiscal year beginning July 1, 2003, through the fiscal year
6 22 beginning July 1, 2006, moneys from a fund created for
6 23 biotechnology-related purposes enacted by the general assembly
6 24 during the 2003 legislative session are appropriated to the
6 25 department of management for deposit in the separate workforce
6 26 training and economic development funds in amounts determined
6 27 by the director. The bill provides that, for fiscal years
6 28 beginning on or after July 1, 2007, excise tax moneys
6 29 collected pursuant to Code section 453A.6 equivalent to nine
6 30 mills per cigarette are appropriated to the department of
6 31 management for deposit in the workforce training and economic
6 32 development funds.

6 33 The bill provides that moneys deposited in the funds and
6 34 disbursed to community colleges for a fiscal year shall be
6 35 expended for the following purposes, provided 70 percent of
7 1 the moneys shall be used on projects in the areas of advanced
7 2 manufacturing, information technology and insurance, and life
7 3 sciences which include the areas of biotechnology, health care
7 4 technology, and nursing care technology:

7 5 1. Projects in which an agreement between a community
7 6 college and an employer located within the community college's
7 7 merged area meet all of the requirements of the accelerated

7 8 career education program under Code chapter 260G.
7 9 2. Projects in which an agreement between a community
7 10 college and a business meet all the requirements of the Iowa
7 11 jobs training Act under Code chapter 260F.

7 12 3. Career technical academies.

7 13 4. Courses and programs for entrepreneurial development.

7 14 5. Programs and courses that provide vocational and
7 15 technical training, and programs for in-service training and
7 16 retraining.

7 17 The bill provides a formula for determining the amount of
7 18 moneys that a community college is eligible to receive from
7 19 the workforce training and economic development fund for a
7 20 fiscal year. The formula relates to the community college's
7 21 budgeted employer contributions under the Federal Insurance
7 22 Contributions Act, the community college's budgeted employer
7 23 contributions to the community college's employees retirement
7 24 systems, and a property tax calculation.

7 25 The bill provides, for fiscal years beginning on or after
7 26 July 1, 2003, through the fiscal year beginning July 1, 2006,
7 27 a method for calculating the maximum cumulative total amount
7 28 of moneys that may be deposited in all the workforce training
7 29 and economic development funds for distribution to community
7 30 colleges in a fiscal year. The bill provides that, if the sum
7 31 of the requested amounts for all of the workforce training and
7 32 economic development funds in a fiscal year exceeds the
7 33 maximum cumulative total amount allowed, the director of the
7 34 department of management shall prorate the allowable
7 35 allocation for each community college by the ratio of a
8 1 community college's requested amount for its workforce
8 2 training and economic development fund to the total amount
8 3 requested by all the community colleges.

8 4 For the fiscal year beginning July 1, 2007, and each
8 5 succeeding fiscal year thereafter, the bill increases the
8 6 excise tax on cigarettes used or otherwise disposed of by nine
8 7 mills per cigarette, which is equivalent to nine-tenths of a
8 8 cent per cigarette. This provision takes effect on July 1,
8 9 2007.

8 10 The bill provides that, for purposes of the fiscal year
8 11 beginning July 1, 2003, a community college shall, within 30
8 12 days of the effective date of this bill, deliver notice to the
8 13 director of the department of management which includes the
8 14 amount the community college is eligible to receive from a
8 15 workforce training and economic development fund and the
8 16 amount the community college is requesting to receive.

8 17 With the exception of the increase on the cigarette excise
8 18 tax, the remainder of the bill takes effect upon enactment.

8 19 LSB 3015YC 80

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