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SENATE FILE

BY COURTNEY

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

A BILL FOR

1 An Act creating a corporate consolidation relocation program and
 2 providing related tax benefits.

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

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SF 295
 ECONOMIC GROWTH

1 Section 1. NEW SECTION. 260H.1 TITLE.

2 This chapter shall be known and may be cited as the
3 "Corporate Consolidation Relocation Program".

4 Sec. 2. NEW SECTION. 260H.2 DEFINITIONS.

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

7 1. "Agreement" is the agreement between an employer and a
8 community college concerning a project.

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

11 3. "Certificate" means a corporate consolidation
12 relocation certificate issued pursuant to section 260H.6.

13 4. "Community college" means a community college
14 established under chapter 260C.

15 5. "Corporate consolidation relocation program" or
16 "program" means the project or projects established by a
17 community college for the creation of jobs through an industry
18 locating in the merged area served by the community college.

19 6. "Date of commencement of the project" means the date of
20 the agreement.

21 7. "Employee" means the person employed in a new job.

22 8. "Employer" means the person providing new jobs in the
23 merged area served by the community college and entering into
24 an agreement.

25 9. "Industry" means a business consolidating operations,
26 of which all or a portion of the operations were located
27 outside this state, for location in this state, and engaged in
28 interstate or intrastate commerce for the purpose of
29 manufacturing, processing, or assembling products, conducting
30 research and development, or providing services in interstate
31 commerce, but excludes retail, health, or professional
32 services.

33 10. "New job" means a job in an industry but does not
34 include jobs of recalled workers or replacement jobs.

35 11. "New jobs credit from withholding" means the credit as

1 provided in section 260H.4.

2 12. "Program costs" means all necessary and incidental
3 costs of providing program services.

4 13. "Program services" include but are not limited to
5 moving personnel and equipment to Iowa.

6 14. "Project" means an arrangement which is the subject of
7 an agreement entered into between the community college and an
8 employer to provide program services.

9 Sec. 3. NEW SECTION. 260H.3 AGREEMENT.

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

17 a. New jobs credit from withholding to be received or
18 derived from new employment resulting from the project.

19 b. Guarantee of payments to be received under paragraph
20 "a".

21 2. Payment of program costs shall not be deferred for a
22 period longer than ten years from the date of commencement of
23 the project.

24 3. Any payments required to be made by an employer are a
25 lien upon the employer's business property until paid and have
26 equal precedence with ordinary taxes and shall not be divested
27 by a judicial sale. Property subject to the lien may be sold
28 for sums due and delinquent at a tax sale, with the same
29 forfeitures, penalties, and consequences as for the nonpayment
30 of ordinary taxes. The purchaser at tax sale obtains the
31 property subject to the remaining payments.

32 Sec. 4. NEW SECTION. 260H.4 NEW JOBS CREDIT FROM
33 WITHHOLDING.

34 1. A provision in an agreement for which a new jobs credit
35 from withholding is included shall provide that the employer

1 shall agree to include at least one hundred new jobs and pay
2 wages for the jobs for which the credit is taken of at least
3 one hundred thirty percent of the average county wage.

4 Eligibility for the credit shall be based on a one-time
5 determination of starting wages by the community college.

6 2. If an agreement provides that all or part of the
7 program costs are to be met by receipt of new jobs credit from
8 withholding, it shall be done as follows:

9 a. New jobs credit from withholding shall be based upon
10 the wages paid to the employees in the new jobs.

11 b. An amount equal to two percent of the gross wages paid
12 by the employer to each employee participating in a project
13 shall be credited from the payment made by an employer
14 pursuant to section 422.16. If the amount of the withholding
15 by the employer is less than two percent of the gross wages
16 paid to the employees covered by the agreement, then the
17 employer shall receive a credit against other withholding
18 taxes due by the employer. The employer shall remit the
19 amount of the credit quarterly in the same manner as
20 withholding payments are reported to the department of revenue
21 and finance, to the community college to be allocated to and
22 when collected paid into a special fund of the community
23 college to pay the principal of and interest on certificates
24 issued by the community college to finance or refinance, in
25 whole or in part, the project. When the principal and
26 interest on the certificates have been paid, the employer
27 credits shall cease and any money received after the
28 certificates have been paid shall be remitted to the treasurer
29 of state to be deposited in the general fund of the state.

30 c. The new jobs credit from withholding and the special
31 fund into which it is paid may be irrevocably pledged by a
32 community college for the payment of the principal of and
33 interest on the certificate issued by a community college to
34 finance or refinance, in whole or in part, the project.

35 d. The employer shall certify to the department of revenue

1 and finance that the credit from withholding is in accordance
2 with an agreement and shall provide other information the
3 department may require.

4 e. A community college shall certify to the department of
5 revenue and finance the amount of new jobs credit from
6 withholding an employer has remitted to the special fund and
7 shall provide other information the department may require.

8 f. An employee participating in a project will receive
9 full credit for the amount withheld as provided in section
10 422.16.

11 Sec. 5. NEW SECTION. 260H.5 CERTIFICATES.

12 To provide funds for the present payment of the costs of
13 new jobs programs, a community college may borrow money and
14 issue and sell certificates payable from a sufficient portion
15 of the future receipts of payments authorized by the
16 agreement. The receipts shall be pledged to the payment of
17 principal of and interest on the certificates.

18 1. Certificates may be sold at public sale or at private
19 sale at par, premium, or discount at the discretion of the
20 board of directors. Chapter 75 does not apply to the issuance
21 of these certificates.

22 2. Certificates may be issued with respect to a single
23 project or multiple projects and may contain terms or
24 conditions as the board of directors may provide by resolution
25 authorizing the issuance of the certificates.

26 3. Certificates issued to refund other certificates may be
27 sold at public sale or at private sale as provided in this
28 section with the proceeds from the sale to be used for the
29 payment of the certificates being refunded. The refunding
30 certificates may be exchanged in payment and discharge of the
31 certificates being refunded, in installments at different
32 times or an entire issue or series at one time. Refunding
33 certificates may be sold or exchanged at any time on, before,
34 or after the maturity of the outstanding certificates to be
35 refunded, may be issued for the purpose of refunding a like,

1 greater, or lesser principal amount of certificates and may
2 bear a higher, lower, or equivalent rate of interest than the
3 certificates being renewed or refunded.

4 4. To further secure the payment of the certificates, the
5 board of directors shall, by resolution, provide for the
6 assessment of an annual levy of a standby tax upon all taxable
7 property within the merged area. A copy of the resolution
8 shall be sent to the county auditor of each county in which
9 the merged area is located. The revenues from the standby tax
10 shall be deposited in a special fund and shall be expended
11 only for the payment of principal of and interest on the
12 certificates issued as provided in this section, when the
13 receipt of payment for program costs as provided in the
14 agreement is insufficient. If payments are necessary and made
15 from the special fund, the amount of the payments shall be
16 promptly repaid into the special fund from the first available
17 payments received for program costs as provided in the
18 agreement which are not required for the payment of principal
19 of or interest on certificates due. No reserves may be built
20 up in this fund in anticipation of a projected default. The
21 board of directors shall adjust the annual standby tax levy
22 for each year to reflect the amount of revenues in the special
23 fund and the amount of principal and interest which is due in
24 that year.

25 5. Before certificates are issued, the board of directors
26 shall publish once a notice of its intention to issue the
27 certificates, stating the amount, the purpose, and the project
28 or projects for which the certificates are to be issued. A
29 person may, within fifteen days after the publication of the
30 notice by action in the district court of a county in the area
31 within which the community college is located, appeal the
32 decision of the board of directors in proposing to issue the
33 certificates. The action of the board of directors in
34 determining to issue the certificates is final and conclusive
35 unless the district court finds that the board of directors

1 has exceeded its legal authority. An action shall not be
2 brought which questions the legality of the certificates, the
3 power of the board of directors to issue the certificates, the
4 effectiveness of any proceedings relating to the authorization
5 of the project, or the authorization and issuance of the
6 certificates from and after fifteen days from the publication
7 of the notice of intention to issue.

8 6. The board of directors shall determine if revenues are
9 sufficient to secure the faithful performance of obligations
10 in the agreement.

11 Sec. 6. NEW SECTION. 260H.6 DEPARTMENT OF ECONOMIC
12 DEVELOPMENT.

13 The department of economic development in consultation with
14 the department of education shall coordinate the program. The
15 department of economic development shall adopt, amend, and
16 repeal rules under chapter 17A that the community college will
17 use in developing projects. The department is authorized to
18 make any rule that is adopted, amended, or repealed effective
19 immediately upon filing with the administrative rules
20 coordinator or at a subsequent stated date prior to indexing
21 and publication, or at a stated date less than thirty-five
22 days after filing, indexing, and publication. The department
23 shall prepare an annual report for the governor and general
24 assembly on the activities of the corporate consolidation
25 relocation program.

26 Sec. 7. Section 7C.4A, subsection 2, Code 2003, is amended
27 to read as follows:

28 2. Twelve percent of the state ceiling shall be allocated
29 to bonds issued to carry out programs established under
30 chapters 260C, 260E, and 260F, and 260H. However, at any time
31 during the calendar year the director of the Iowa department
32 of economic development may determine that a lesser amount
33 need be allocated and on that date this lesser amount shall be
34 the amount allocated for those programs and the excess shall
35 be allocated under subsection 7.

1 Sec. 8. Section 15.108, subsection 6, paragraph a, Code
2 2003, is amended to read as follows:

3 a. Coordinate and perform the duties specified under the
4 Iowa industrial new jobs training Act in chapter 260E, the
5 Iowa jobs training Act in chapter 260F, the corporate
6 consolidation relocation program in chapter 260H, and the
7 workforce development fund in section 15.341.

8 Sec. 9. Section 15.251, Code 2003, is amended to read as
9 follows:

10 15.251 INDUSTRIAL NEW JOB TRAINING PROGRAM AND CORPORATE
11 CONSOLIDATION RELOCATION PROGRAM CERTIFICATES -- FEE.

12 The department may charge, within thirty days following the
13 sale of certificates under chapter 260E or 260H, the board of
14 directors of the merged area a fee of up to one percent of the
15 gross sale amount of the certificates issued. The amount of
16 this fee shall be deposited and allowed to accumulate in a job
17 training fund created in the department. At the end of each
18 fiscal year, all funds deposited under this subsection into
19 the job training fund during the fiscal year shall be
20 transferred to the workforce development fund account
21 established in section 15.342A.

22 Sec. 10. Section 403.21, subsection 2, Code 2003, is
23 amended to read as follows:

24 2. The community college shall send a copy of the final
25 agreement prepared pursuant to section 260E.3 or 260H.3 to the
26 department of economic development. For each year in which
27 incremental property taxes are used to pay job training
28 certificates issued for a project creating new jobs, the
29 community college shall provide to the department of economic
30 development a report of the incremental property taxes and new
31 jobs credits from withholding generated for that year, a
32 specific description of the training conducted, the number of
33 employees provided program services under the project, the
34 median wage of employees in the new jobs in the project, and
35 the administrative costs directly attributable to the project.

1 The bill provides that an agreement shall provide for
2 program costs, including deferred costs, which may be paid
3 from one or a combination of the following sources:

- 4 1. New jobs credit from withholding to be received or
5 derived from new employment resulting from the project.
- 6 2. Guarantee of payments to be received under the other
7 option.

8 The bill provides that payment of program costs shall not
9 be deferred for a period longer than 10 years from the date of
10 commencement of the project. The bill provides that any
11 payments required to be made by an employer are a lien upon
12 the employer's business property until paid and have equal
13 precedence with ordinary taxes and shall not be divested by a
14 judicial sale.

15 The bill provides that a provision in an agreement for
16 which a new jobs credit from withholding is included shall
17 provide that the employer shall agree to include at least 100
18 new jobs and pay wages for the jobs for which the credit is
19 taken of at least 130 percent of the average county wage. The
20 bill provides a procedure for administering a new jobs credit
21 from withholding if an agreement provides that all or part of
22 the program costs are to be met by receipt of new jobs credit
23 from withholding.

24 The bill provides that, to provide funds for the present
25 payment of the costs of new jobs programs, a community college
26 may borrow money and issue and sell certificates payable from
27 a sufficient portion of the future receipts of payments
28 authorized by the agreement. The bill provides that the
29 receipts shall be pledged to the payment of principal of and
30 interest on the certificates. The bill provides for the
31 method of sale and issuance of certificates and certificates
32 issued to refund other certificates. The bill provides that,
33 to further secure the payment of the certificates, the board
34 of directors shall, by resolution, provide for the assessment
35 of an annual levy of a standby tax upon all taxable property

1 within the merged area, to be adjusted each year based on the
2 amount of revenues received and principal and interest due.
3 The bill provides that the revenues from the standby tax shall
4 be deposited in a special fund and shall be expended only for
5 the payment of principal of and interest on the certificates
6 issued, when the receipt of payment for program costs as
7 provided in the agreement is insufficient. The bill provides
8 that if payments are necessary and made from the special fund,
9 the amount of the payments shall be promptly repaid into the
10 special fund from the first available payments received for
11 program costs as provided in the agreement which are not
12 required for the payment of principal of or interest on
13 certificates due. The bill provides that no reserves may be
14 built up in this fund.

15 The bill provides that before certificates are issued, the
16 board of directors shall publish once a notice of its
17 intention to issue the certificates. The bill allows a
18 person, within 15 days after the publication of the notice, to
19 appeal the decision of the board of directors in proposing to
20 issue the certificates. The bill provides that the action of
21 the board of directors in determining to issue the
22 certificates is final unless the district court finds that the
23 board of directors has exceeded its legal authority. The bill
24 provides that an action shall not be brought which questions
25 the legality of the certificates, the power of the board of
26 directors to issue the certificates, the effectiveness of any
27 proceedings relating to the authorization of the project, or
28 the authorization and issuance of the certificates from and
29 after 15 days from the publication of the notice of intention
30 to issue. The bill provides that the board of directors shall
31 determine if revenues are sufficient to secure the faithful
32 performance of obligations in the agreement.

33 The bill provides that the department of economic
34 development in consultation with the department of education
35 shall coordinate the corporate consolidation relocation

1 program and adopt rules that the community college will use in
2 developing projects. The bill requires the department to
3 prepare an annual report for the governor and general assembly
4 on the activities of the corporate consolidation relocation
5 program.

6 The bill makes conforming amendments.

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