

House Study Bill 611

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 an insurance industry new jobs tax credit.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
3 TLSB 6087YC 81
4 tm/sh/8

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1 1 Section 1. NEW SECTION. 432.12H INSURANCE INDUSTRY NEW
1 2 JOBS TAX CREDIT.
1 3 The taxes imposed under this chapter shall be reduced by an
1 4 insurance industry new jobs tax credit. The insurance
1 5 industry new jobs tax credit is in lieu of, and not in
1 6 addition to, the new jobs tax credit as provided in section
1 7 422.11A. An industry which has entered into an agreement
1 8 under chapter 260E and which has increased its base employment
1 9 level by at least ten percent within the time set in the
1 10 agreement or, in the case of an industry without a base
1 11 employment level, adds new jobs within the time set in the
1 12 agreement is entitled to an insurance industry new jobs tax
1 13 credit for the tax year selected by the industry. In
1 14 determining if the industry has increased its base employment
1 15 level by ten percent or added new jobs, only those new jobs
1 16 directly resulting from the project covered by the agreement
1 17 and those directly related to those new jobs shall be counted.
1 18 The amount of the credit is equal to the product of six
1 19 percent of the taxable wages upon which an employer is
1 20 required to contribute to the state unemployment compensation
1 21 administration fund, as defined in section 96.19, subsection
1 22 37, times the number of new jobs existing in the tax year that
1 23 directly result from the project covered by the agreement or
1 24 new jobs that directly result from those new jobs. The tax
1 25 year chosen by the industry shall either begin or end during
1 26 the period beginning with the date of the agreement and ending
1 27 with the date by which the project is to be completed under
1 28 the agreement. Any credit in excess of the tax liability for
1 29 the tax year may be credited to the tax liability for the
1 30 following ten tax years or until depleted, whichever is the
1 31 earlier. An insurance industry new jobs tax credit may only
1 32 be claimed once for each new qualifying job. For purposes of
1 33 this section, "agreement", "industry", "new job", and
1 34 "project" mean the same as defined in section 260E.2, and
1 35 "base employment level" means the number of full-time jobs an
2 1 industry employs at the plant site which is covered by an
2 2 agreement under chapter 260E on the date of that agreement.
2 3 The insurance industry new jobs tax credit may only be claimed
2 4 by an industry entering into an agreement under chapter 260E
2 5 on or after July 1, 2006.

EXPLANATION

2 7 This bill creates an insurance industry new jobs tax
2 8 credit.
2 9 The bill provides that the tax on insurance premiums shall
2 10 be reduced by an insurance industry new jobs tax credit. The
2 11 insurance industry new jobs tax credit is in lieu of, and not
2 12 in addition to, the new jobs tax credit allowed against
2 13 personal income tax liability. The bill provides that an
2 14 industry which has entered into an industrial new jobs
2 15 agreement under Code chapter 260E and which has increased its
2 16 base employment level by at least 10 percent within the time
2 17 set in the agreement or, in the case of an industry without a
2 18 base employment level, adds new jobs within the time set in
2 19 the agreement is entitled to the insurance industry new jobs

2 20 tax credit for the tax year selected by the industry.
2 21 The bill provides that the amount of the tax credit is
2 22 equal to the product of 6 percent of the taxable wages upon
2 23 which an employer is required to contribute to the state
2 24 unemployment compensation administration fund times the number
2 25 of new jobs existing in the tax year that directly result from
2 26 the project covered by the agreement or new jobs that directly
2 27 result from those new jobs. The bill allows any credit in
2 28 excess of the tax liability for the tax year to be credited to
2 29 the tax liability for the following 10 tax years or until
2 30 depleted, whichever is the earlier.
2 31 The bill provides that an insurance industry new jobs tax
2 32 credit may only be claimed once for each new qualifying job.
2 33 The bill provides that an insurance industry new jobs tax
2 34 credit may only be claimed by an industry entering into an
2 35 agreement under Code chapter 260E on or after July 1, 2006.
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