

House File 2444 - Introduced

HOUSE FILE _____
BY WHITEAD, WENDT, THOMAS,
and HOFFMAN

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

A BILL FOR

1 An Act relating to targeted jobs withholding credit agreements
2 for certain pilot project cities located in border counties.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 5877YH 82
5 tw/sc/14

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1 1 Section 1. Section 403.19A, subsection 1, unnumbered
1 2 paragraph 1, Code Supplement 2007, is amended to read as
1 3 follows:
1 4 For purposes of this ~~section~~ subchapter, unless the context
1 5 otherwise requires:
1 6 Sec. 2. Section 403.19A, subsection 1, paragraphs c and f,
1 7 Code Supplement 2007, are amended to read as follows:
1 8 c. "Employer" means a business creating targeted jobs in
1 9 ~~an urban renewal area of~~ a pilot project city pursuant to a
1 10 withholding agreement.
1 11 f. "Targeted job" means a job in a business which is or
1 12 will be located in ~~an urban renewal area of~~ a pilot project
1 13 city that pays a wage at least equal to the countywide average
1 14 wage. "Targeted job" includes new jobs from Iowa business
1 15 expansions or retentions within the city limits of the pilot
1 16 project city and those jobs resulting from established
1 17 out-of-state businesses, as defined by the department of
1 18 economic development, moving to or expanding in Iowa.
1 19 Sec. 3. Section 403.19A, subsection 3, paragraphs a and b,
1 20 Code Supplement 2007, are amended to read as follows:
1 21 a. A pilot project city may provide by ordinance for the
1 22 deposit into a ~~designated account in the special fund~~
1 23 ~~described in section 403.19, subsection 2,~~ of the targeted
1 24 jobs withholding credit described in this section subchapter
1 25 into a fund established for that purpose. The targeted jobs
1 26 withholding credit shall be based upon the wages paid to
1 27 employees pursuant to a withholding agreement.
1 28 b. An amount equal to three percent of the gross wages
1 29 paid by an employer to each employee under a withholding
1 30 agreement shall be credited from the payment made by the
1 31 employer pursuant to section 422.16. If the amount of the
1 32 withholding by the employer is less than three percent of the
1 33 gross wages paid to the employees covered by the withholding
1 34 agreement, the employer shall receive a credit against other
1 35 withholding taxes due by the employer or may carry the credit
2 1 forward for up to ten years or until depleted, whichever is
2 2 the earlier. The employer shall remit the amount of the
2 3 credit quarterly, in the same manner as withholding payments
2 4 are reported to the department of revenue, to the pilot
2 5 project city to be allocated to and when collected paid into ~~a~~
2 6 ~~designated account in the special fund for the urban renewal~~
2 7 ~~area in which the targeted jobs are located established in~~
2 8 ~~paragraph "a".~~ All amounts so deposited shall be used or
2 9 pledged by the pilot project city for ~~an urban renewal a~~
2 10 project related to the employer pursuant to the withholding
2 11 agreement.
2 12 Sec. 4. Section 403.19A, subsection 3, paragraph c,
2 13 subparagraph (1), Code Supplement 2007, is amended to read as
2 14 follows:
2 15 (1) The pilot project city shall enter into a withholding
2 16 agreement with each employer concerning the targeted jobs
2 17 withholding credit. However, an agreement shall not be
2 18 entered into by a pilot project city with a business currently
2 19 located in this state unless the business either creates ten

2 20 new jobs or makes a qualifying investment of at least five
2 21 hundred thousand dollars ~~within the urban renewal area in the~~
2 22 ~~pilot project city~~. The withholding agreement may have a term
2 23 of up to ten years. An employer shall not be obligated to
2 24 enter into a withholding agreement.

2 25 Sec. 5. Section 403.19A, subsection 3, paragraph j, Code
2 26 Supplement 2007, is amended to read as follows:

2 27 j. A pilot project city that enters into a withholding
2 28 agreement shall arrange for a match of at least one dollar for
2 29 each withholding credit dollar received by the city. The
2 30 local match may come from the pilot project city, a private
2 31 donor, or the business, or a combination of all three. The
2 32 local match may be in cash or in kind to be used for the
2 33 business project. If the business is located in an urban
2 34 renewal area, the pilot project city may use revenues from the
2 35 special fund created in section 403.19, subsection 2, if the
3 1 project related to the employer meets the definition of urban
3 2 renewal project in section 403.17, subsection 25.

3 3 Sec. 6. CODE EDITOR DIRECTIVE. The Code editor is
3 4 directed to transfer section 403.19A, as amended in this Act,
3 5 to become new section 403.25 and to correct any internal
3 6 references as necessary.

3 7 EXPLANATION

3 8 This bill relates to the withholding agreement tax credits
3 9 pilot program by providing that employers who have entered
3 10 into a withholding agreement no longer have to be located in
3 11 an urban renewal area. Instead they are only required to be
3 12 in a pilot project city.

3 13 The bill also provides that the amount of the withholding
3 14 credits is to be deposited in a fund of the city established
3 15 for that purpose rather than into the special fund created for
3 16 urban renewal purposes.

3 17 The bill provides that a pilot project city may use tax
3 18 increment financing funds from the special fund created in
3 19 Code section 403.19 as matching funds, provided the project
3 20 meets the definition of an urban renewal project.

3 21 The bill directs the Code editor to transfer Code section
3 22 403.19A, as amended in the bill, to new Code section 403.25.

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