

# Senate File 2310 - Introduced

SENATE FILE \_\_\_\_\_  
BY WARNSTADT

Passed Senate, Date \_\_\_\_\_ Passed House, 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 5877XS 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.

3 23 LSB 5877XS 82

3 24 tw/sc/14