

# Senate File 110 - Introduced

SENATE FILE \_\_\_\_\_  
BY WARNSTADT, COURTNEY, FRAISE,  
WIECK, and GRONSTAL

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to withholding agreements and local match  
2 requirements of the targeted jobs withholding tax credit  
3 program.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1481XS 83  
6 tw/sc:mg/8

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1 1 Section 1. Section 403.19A, subsection 3, paragraph c,  
1 2 Code 2009, is amended to read as follows:  
1 3 c. ~~(1)~~ The pilot project city shall enter into a  
1 4 withholding agreement with each employer concerning the  
1 5 targeted jobs withholding credit. The withholding agreement  
1 6 shall provide for the total amount of withholding tax credits  
1 7 awarded. An agreement shall not provide for an amount of  
1 8 withholding credits that exceeds the amount of the qualifying  
1 9 investment made in the project. However, an An agreement  
1 10 shall not be entered into by a pilot project city with a  
1 11 business currently located in this state unless the business  
1 12 either creates ten new jobs or makes a qualifying investment  
1 13 of at least five hundred thousand dollars within the urban  
1 14 renewal area. The withholding agreement may have a term of up  
1 15 to ten years. An employer shall not be obligated to enter  
1 16 into a withholding agreement.

1 17 ~~(2) The pilot project city shall not enter into a~~  
1 18 ~~withholding agreement after June 30, 2010.~~

1 19 Sec. 2. Section 403.19A, subsection 3, paragraph j, Code  
1 20 2009, is amended by striking the paragraph and inserting in  
1 21 lieu thereof the following:

1 22 j. (1) A pilot project city entering into a withholding  
1 23 agreement shall arrange for matching local financial support  
1 24 for the project. The local match required under this  
1 25 paragraph "j" shall be in an amount equal to one dollar for  
1 26 every dollar of withholding credit received by the pilot  
1 27 project city.

1 28 (2) For purposes of this paragraph "j", "local financial  
1 29 support" means cash or in-kind contributions to the project  
1 30 from a private donor, a business, or the pilot project city.

1 31 (3) If the project, when completed, will increase the  
1 32 amount of property tax revenues collected by the pilot project  
1 33 city by an amount equal to at least ten percent of the amount  
1 34 of withholding credit dollars received by the pilot project  
1 35 city, then the pilot project city shall itself contribute at  
2 1 least ten percent of the local match amount computed under  
2 2 subparagraph (1).

2 3 (4) If the project, when completed, will not increase the  
2 4 amount of property tax revenues collected by an amount at  
2 5 least equal to ten percent of the amount of withholding credit  
2 6 dollars received by the pilot project city, then the pilot  
2 7 project city shall not be required to make a contribution to  
2 8 the local match.

2 9 (5) A pilot project city's contribution, if any, to the  
2 10 local match may include the dollar value of any tax abatement  
2 11 provided by the city to the business for new construction.

### EXPLANATION

2 12 This bill relates to the targeted jobs withholding tax  
2 13 credit program.

2 14 The bill provides that a withholding agreement shall  
2 15 include the total amount of withholding tax credits awarded  
2 16

2 17 and that the amount of credits shall not exceed the amount of  
2 18 the qualifying investment made in the project.

2 19 Current law provides that a pilot project city shall not  
2 20 enter into agreements after June 30, 2010. The bill  
2 21 eliminates this provision.

2 22 The bill amends and clarifies the local match requirements  
2 23 of the program. The bill provides that if the completed  
2 24 project will increase the amount of property tax revenues  
2 25 collected by the pilot project city by 10 percent or more of  
2 26 the amount of withholding credit dollars received, then the  
2 27 pilot project city must contribute at least 10 percent of the  
2 28 local match requirement. However, if the completed project  
2 29 will not increase the amount of property tax revenues  
2 30 collected by an amount at least equal to 10 percent of the  
2 31 amount of withholding credit dollars received by the city,  
2 32 then the city is not required to make a contribution to the  
2 33 local match.

2 34 The bill specifies that a pilot project city's  
2 35 contribution, if any, to the local match may include the  
3 1 dollar value of any tax abatement provided by the city to the  
3 2 business for new construction.

3 3 LSB 1481XS 83

3 4 tw/sc:mg/8.1