

Senate Study Bill 3095 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON HART)

A BILL FOR

1 An Act related to the high quality jobs program by allowing
2 additional tax incentives for businesses that use
3 contractors and subcontractors operating or participating
4 in an apprenticeship program and including applicability
5 provisions.

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

1 Section 1. Section 15.335A, subsection 1, unnumbered
2 paragraph 1, Code 2016, is amended to read as follows:

3 Tax incentives are available to eligible businesses as
4 provided in this section. The incentives under this subsection
5 are based upon the number of jobs created or retained that pay
6 at least one hundred twenty percent of the qualifying wage
7 threshold and the amount of the qualifying investment made
8 according to the following schedule:

9 Sec. 2. Section 15.335A, Code 2016, is amended by adding the
10 following new subsection:

11 NEW SUBSECTION. 1A. a. In addition to the tax incentives
12 available under subsection 1, an additional investment tax
13 credit of up to two percent, as provided in this subsection,
14 is available to an eligible business if the eligible business
15 contracts with contractors or subcontractors who operate or
16 participate in any apprenticeship program for the construction
17 or equipping of a facility of the business.

18 b. The amount of the additional investment tax credit shall
19 be calculated as follows:

20 (1) For an eligible business that directs seventy percent
21 of the amount of the qualifying investment to contractors and
22 subcontractors described in paragraph "a", an additional credit
23 of up to one and four-tenths percent.

24 (2) For each percentage point that the amount of
25 the qualifying investment directed to contractors and
26 subcontractors described in paragraph "a" exceeds seventy
27 percent, the additional investment tax credit rate under
28 subparagraph (1) shall be increased by up to two one-hundredths
29 of one percent, such that an eligible business that directs one
30 hundred percent of the amount of the qualifying investment to
31 contractors and subcontractors described in paragraph "a" may
32 receive an additional credit of up to two percent.

33 Sec. 3. Section 15.335A, subsection 2, Code 2016, is amended
34 by adding the following new paragraph:

35 NEW PARAGRAPH. *Ob.* "Apprenticeship program" means the same

1 as defined in section 15B.2.

2 Sec. 4. APPLICABILITY. This Act applies to businesses that
3 receive an award of tax incentives under section 15.335A on or
4 after July 1, 2016.

5

EXPLANATION

6

The inclusion of this explanation does not constitute agreement with
7 the explanation's substance by the members of the general assembly.

8

This bill permits the economic development authority
9 (authority) to provide additional tax incentives to businesses
10 using apprenticeship training program contractors and
11 subcontractors for projects in which qualifying investments are
12 made under the high quality jobs program.

13 Under the bill, the authority is permitted to provide an
14 additional investment tax credit to a business if the business
15 contracts with a contractor or subcontractor who operates or
16 participates in an apprenticeship program for the construction
17 or equipping of a facility of the business.

18 Under the bill, if an eligible business directs 70 percent
19 of the qualifying investment to qualifying contractors
20 or subcontractors, the business is eligible to receive an
21 additional investment tax credit of up to 1.40 percent.
22 If an eligible business directs more than 70 percent of
23 the qualifying investment to qualifying contractors or
24 subcontractors, the additional investment tax credit available
25 shall increase 0.02 percent above the 1.40 percent base for
26 each one percentage point increase to the percent of the
27 qualifying investment directed to qualifying contractors
28 or subcontractors. Under the bill, therefore, an eligible
29 business that directs 100 percent of the qualifying investment
30 to qualifying contractors or subcontractors is eligible to
31 receive an additional investment tax credit of up to 2 percent.

32 The bill applies to businesses that receive an award of tax
33 incentives under the high quality jobs program on or after July
34 1, 2016.