

**House File 230 - Introduced**

HOUSE FILE 230

BY JACOBY

**A BILL FOR**

1 An Act creating the Iowa job training tax credit program and  
2 including applicability provisions.

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

1 Section 1. NEW SECTION. 15K.1 Title.

2 This chapter shall be known and may cited as the "*Iowa job*  
3 *training tax credit program*".

4 Sec. 2. NEW SECTION. 15K.2 Definitions.

5 For purposes of this chapter, unless the context otherwise  
6 requires:

7 1. "*Apprentice*" means the same as defined in section 15B.2.

8 2. "*Authority*" means the economic development authority  
9 created in section 15.105.

10 3. "*Employ*" or "*employed*" means to be hired or retained for  
11 paid work as an apprentice or intern and to perform the duties  
12 of an apprentice or intern.

13 4. "*Intern*" means an Iowa student engaged in an internship.

14 5. "*Internship*" means temporary employment of an Iowa  
15 student that focuses on providing the student with work  
16 experience in the student's field of study.

17 6. "*Iowa student*" means the same as defined in section  
18 15.411, subsection 3, paragraph "a".

19 7. "*Minimum training standards*" means the minimum training  
20 standards adopted by the authority by rule pursuant to section  
21 15K.3, subsection 3.

22 8. "*Program*" means the job training tax credit program  
23 credit in this chapter.

24 9. "*Qualified trainee*" means a person who meets the  
25 requirements of section 15K.3, subsection 2, with respect to  
26 a tax year.

27 10. "*Tax year*" means the calendar year, or the fiscal year  
28 ending during such calendar year, upon the basis of which a tax  
29 is calculated.

30 Sec. 3. NEW SECTION. 15K.3 Job training tax credit program  
31 — application — eligibility requirements.

32 1. *Program administration.* The authority, in consultation  
33 with the department of revenue, shall administer a job training  
34 tax credit program to provide tax credits to businesses that  
35 employ qualified trainees in Iowa during the tax year.

1     2. *Qualified trainee.* For purposes of the program, a person  
2 is a qualified trainee of a business if the person meets all of  
3 the following requirements for the tax year:

4     a. The person is an apprentice or an intern.

5     b. The person is employed by the business in Iowa.

6     c. The person satisfies the relevant minimum training  
7 standard.

8     3. *Minimum training standards.*

9     a. The authority shall establish by rule minimum training  
10 standards under the program for apprenticeships and internships  
11 that will reflect the minimum amount of training necessary to  
12 provide a meaningful work experience in the relevant field  
13 of study of an intern or to learn the relevant trade or job  
14 position of an apprentice. The minimum training standards  
15 shall be a value expressed as a number of job training hours,  
16 or a ratio of job training hours to work hours, or some  
17 combination of both.

18     b. In determining the minimum training standards, the  
19 authority shall consider the relevant field of study involved,  
20 the trade or job position involved, the stated goals and length  
21 of the internship or apprenticeship, and any other factors the  
22 authority deems relevant. The authority may establish more  
23 than one minimum training standard.

24     c. In establishing minimum training standards, the authority  
25 may consult with any person the authority deems relevant,  
26 including but not limited to the department of education,  
27 institutions of higher learning, or business and labor  
28 organizations.

29     4. *Application.*

30     a. A business employing one or more qualified trainees in  
31 Iowa may apply to the authority for the job training tax credit  
32 provided in section 15K.4.

33     b. The application shall be made in the manner and form  
34 prescribed by the authority.

35     c. The authority may accept applications on a continuous

1 basis or may establish, by rule, an annual application  
2 deadline.

3 *d.* The application shall include all of the following  
4 information:

5 (1) A description of the business and the apprenticeship  
6 program or internship program conducted by the business,  
7 including the number of qualified trainees employed by the  
8 business during the relevant tax year.

9 (2) With respect to each qualified trainee of the business:

10 (a) The identity of the qualified trainee, the period  
11 of time the qualified trainee was employed by the business  
12 during the tax year, and if relevant, the institution of higher  
13 learning at which the qualified trainee is a student.

14 (b) A description of the qualified trainee's job duties and  
15 the number of hours those job duties were performed.

16 (c) A description and total number of hours of job training  
17 and instruction provided by the business to the qualified  
18 trainee.

19 (d) A statement from the business certifying that the  
20 apprentice or intern meets the relevant minimum training  
21 standard for the relevant tax year.

22 (3) Any other information reasonably required by the  
23 authority in order to establish and verify eligibility under  
24 the program.

25 *e.* Upon receiving a complete and accurate application and  
26 establishing that all requirements of the program have been  
27 satisfied, the authority shall issue a tax credit and related  
28 tax credit certificate to the business stating the amount of  
29 job training tax credit under section 15K.4 the business may  
30 claim.

31 **Sec. 4. NEW SECTION. 15K.4 Job training tax credit.**

32 1. *a.* A business that satisfies the requirements of the  
33 job training tax credit program in section 15K.3 may claim a  
34 tax credit in an amount equal to one thousand dollars for each  
35 qualified trainee employed in Iowa by the taxpayer for the

1 entire tax year.

2     *b.* If the qualified trainee is not employed for the entire  
3 tax year, the maximum amount of the credit shall be prorated  
4 and the amount of the credit with regard to that qualified  
5 trainee shall equal the maximum amount of credit for the tax  
6 year, divided by twelve, multiplied by the number of months  
7 in the tax year the qualified trainee was employed by the  
8 taxpayer. The credit shall be rounded to the nearest dollar.  
9 If the qualified trainee was employed during any part of the  
10 month, the qualified trainee shall be considered a qualified  
11 trainee for the entire month.

12     2. An individual may claim the tax credit allowed a  
13 partnership, limited liability company, S corporation,  
14 estate, or trust electing to have income taxed directly to  
15 the individual. The amount claimed by the individual shall  
16 be based upon the pro rata share of the individual's earnings  
17 from the partnership, limited liability company, S corporation,  
18 estate, or trust.

19     3. Any tax credit in excess of the taxpayer's liability  
20 for the tax year is not refundable but may be credited to the  
21 tax liability for the following seven years or until depleted,  
22 whichever is earlier.

23     4. Tax credits issued under this section are not  
24 transferable to any person.

25     5. *a.* To claim a tax credit under this section, a taxpayer  
26 shall include one or more tax credit certificates with the  
27 taxpayer's tax return.

28     *b.* The tax credit certificate shall contain the taxpayer's  
29 name, address, tax identification number, the amount of the  
30 credit, and any other information required by the department  
31 of revenue.

32     *c.* The tax credit certificate, unless rescinded by the  
33 authority, shall be accepted by the department of revenue as  
34 payment for taxes imposed in chapter 422, divisions II, III,  
35 and V, and in chapter 432, and against the moneys and credits

1 tax imposed in section 533.329, subject to any conditions or  
2 restrictions placed by the authority or the department of  
3 revenue upon the face of the tax credit certificate and subject  
4 to the limitations of this program.

5 Sec. 5. NEW SECTION. **15K.5 Reports to general assembly.**

6 The authority, in cooperation with the department of  
7 revenue, shall publish an annual report of activities of the  
8 program and shall submit the report to the governor and the  
9 general assembly.

10 Sec. 6. NEW SECTION. **15K.6 Rules.**

11 The authority and the department of revenue shall each adopt  
12 rules as necessary for the implementation and administration of  
13 this chapter.

14 Sec. 7. NEW SECTION. **422.10C Job training tax credit.**

15 The taxes imposed under this division, less the credits  
16 allowed under section 422.12, shall be reduced by a job  
17 training tax credit allowed under chapter 15K.

18 Sec. 8. Section 422.33, Code 2019, is amended by adding the  
19 following new subsection:

20 NEW SUBSECTION. 17. The taxes imposed under this division  
21 shall be reduced by a job training tax credit allowed under  
22 chapter 15K.

23 Sec. 9. Section 422.60, Code 2019, is amended by adding the  
24 following new subsection:

25 NEW SUBSECTION. 14. The taxes imposed under this division  
26 shall be reduced by a job training tax credit allowed under  
27 chapter 15K.

28 Sec. 10. NEW SECTION. **432.12N Job training tax credit.**

29 The taxes imposed under this chapter shall be reduced by a  
30 job training tax credit allowed under chapter 15K.

31 Sec. 11. Section 533.329, subsection 2, Code 2019, is  
32 amended by adding the following new paragraph:

33 NEW PARAGRAPH. 1. The moneys and credits tax imposed under  
34 this section shall be reduced by a job training tax credit  
35 allowed under chapter 15K.

1     Sec. 12.  APPLICABILITY.  This Act applies to tax years  
2 beginning on or after January 1, 2020.

3     Sec. 13.  APPLICABILITY.  This Act applies to qualified  
4 trainees employed in Iowa on or after January 1, 2020.

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 creates a job training tax credit program  
9 (program) administered by the economic development authority  
10 (EDA) in consultation with the department of revenue (DOR)  
11 to provide tax credits to businesses that employ for pay  
12 qualified trainees in Iowa during the tax year.  To qualify  
13 as a "qualified trainee" under the program, a person must be  
14 an apprentice or an intern, must be employed by a business in  
15 Iowa, and must satisfy the relevant minimum training standard.  
16     "Apprentice" is defined in the bill to mean an Iowa resident  
17 employed in an apprenticeable occupation and registered as such  
18 with the U.S. office of apprenticeship.  "Intern" is defined  
19 in the bill to mean an Iowa college student, or a student who  
20 graduated from high school in Iowa but who now attends college  
21 outside of Iowa, who is engaged in temporary employment that  
22 focuses on providing the student with work experience in the  
23 student's field of study.

24     EDA is required to establish by rule minimum training  
25 standards that will reflect the minimum training necessary to  
26 provide a meaningful work experience for an intern or to learn  
27 a trade or job position for an apprentice.  The bill describes  
28 how the minimum training standards should be quantified, as  
29 well as the factors EDA shall consider and the persons with  
30 whom EDA may consult in determining the standards.  The bill  
31 provides that EDA may establish more than one minimum training  
32 standard.

33     In order to receive a tax credit, a business must apply  
34 to the authority in the manner and form prescribed by the  
35 authority, and the bill describes the required information

1 that must be contained in an application. EDA is required to  
2 review applications and, upon determining that the requirements  
3 of the program have been satisfied, issue a tax credit to the  
4 business.

5 The tax credit equals \$1,000 for each qualified trainee  
6 employed in Iowa by a business for the entire tax year. If  
7 a qualified trainee was not employed by the business for the  
8 entire tax year, the amount of the credit is prorated based  
9 upon the number of months of employment. The tax credit  
10 may be claimed against the individual and corporate income  
11 taxes, the franchise tax, the insurance companies tax, and the  
12 moneys and credits tax. The tax credit is nonrefundable and  
13 nontransferable, but any excess may be carried forward for  
14 seven years.

15 The bill requires EDA and DOR to adopt rules as necessary  
16 for the implementation of the bill, and requires EDA and DOR to  
17 publish and submit annual reports to the governor and general  
18 assembly containing information as described in the bill.

19 The bill applies to tax years beginning on or after January  
20 1, 2020, and to qualified trainees employed in Iowa on or after  
21 that date.