

House File 12 - Introduced

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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, subchapters 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 Report to governor and general**
6 **assembly.**

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

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

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

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

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

19 Sec. 8. Section 422.33, Code 2021, is amended by adding the
20 following new subsection:

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

24 Sec. 9. Section 422.60, Code 2021, is amended by adding the
25 following new subsection:

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

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

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

32 Sec. 11. Section 533.329, subsection 2, Code 2021, is
33 amended by adding the following new paragraph:

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

1 allowed under chapter 15K.

2 Sec. 12. APPLICABILITY. This Act applies to tax years
3 beginning on or after January 1, 2022.

4 Sec. 13. APPLICABILITY. This Act applies to qualified
5 trainees employed in Iowa on or after January 1, 2022.

6 EXPLANATION

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

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

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

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

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

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

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

20 The bill applies to tax years beginning on or after January
21 1, 2022, and to qualified trainees employed in Iowa on or after
22 that date.