



Targeted Jobs Withholding Tax Credit

Paul Stueckradt | Team Leader, Compliance | Iowa Economic Development Authority



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A person is shown from the chest up, sitting at a desk and working on a computer. The person is wearing a dark-colored shirt. The background is a blurred office environment. The entire image is overlaid with a semi-transparent blue filter. The text 'PROGRAM OVERVIEW' is centered in the middle of the image in a white, sans-serif font.

PROGRAM OVERVIEW

Program Overview

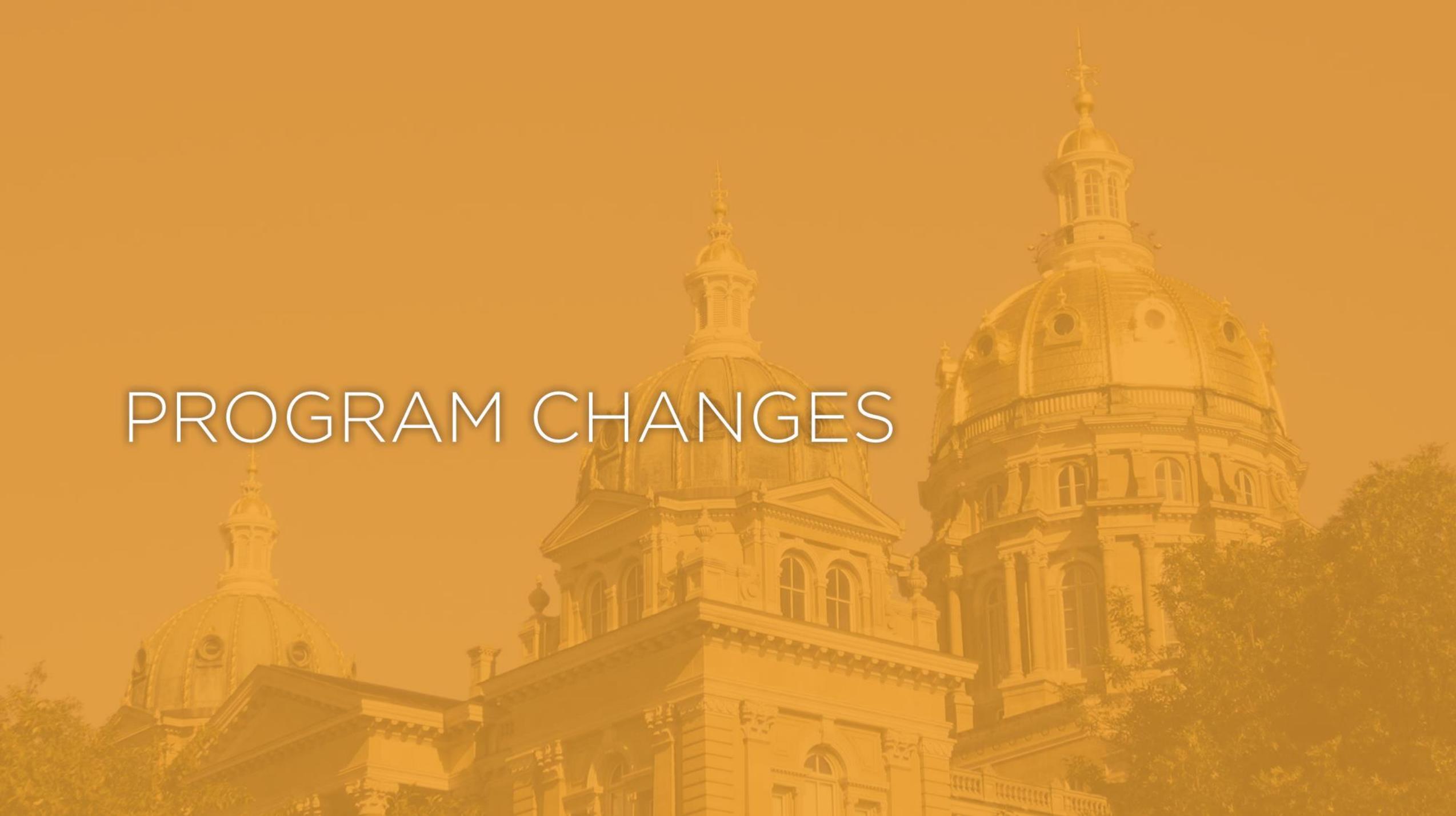
- Passed as HF 2731 during the 2006 legislative session
- Established as a pilot program
- Available only for projects located in Burlington, Council Bluffs, Fort Madison, Keokuk or Sioux City (“pilot cities”) and within an Urban Renewal Area within the city
- Allows up to 3% of gross wages paid by an eligible employer to be directed to pilot cities on a quarterly basis for up to 10 years

Eligibility Requirements

- Must be relocating to Iowa from another state and creating jobs at or above the hourly wage threshold for the city, OR
- Must be an existing Iowa business creating or retaining 10 jobs at or above the hourly wage threshold for the city, OR
- Must be an existing Iowa business making a qualifying investment of \$500,000 within a pilot city

Eligibility Requirements

- Funds are to be used for “a project related to the employer”. Typically, they are returned to the business for use in their expansion/relocation project
- Amount of the credit must be matched by a private donor, the pilot city, the business, or a combination of all three. If the project will increase the city’s tax revenues, the pilot city is required to contribute at least 10% of the required match



PROGRAM CHANGES

Program Changes

- At enactment, the program required the existing business to create new jobs to be eligible and had a sunset date of June 30, 2010
- The following changes were enacted during the 2009 Iowa Legislative session:
 - For contracts signed on or after July 1, 2009, the maximum amount of withholding tax credits awarded must be specified in the withholding agreement and cannot exceed qualifying investment
 - IEDA authorized to approve or deny a withholding agreement if the agreement fails to meet the statutory requirements of the program
 - The pilot project cities prohibited from using the program to compete for jobs against other Iowa cities
 - Pilot project cities required to submit an annual report to IEDA detailing the amount of payments, jobs created or retained, and investment by the employer
 - The program's sunset date was extended to June 30, 2013

Program Changes

- During the 2011 Iowa Legislative Session, the program was expanded to award credits to businesses for retained jobs
- The following changes were enacted during the 2013 Iowa Legislative session:
 - The requirement that the employer to be located within an urban renewal area was eliminated
 - Increased oversight by IEDA
 - The expiration date of the program was extended to June 30, 2018

Program Oversight

- The most significant changes to the program have involved increased oversight by IEDA enacted in 2013
- IEDA Board approves awards
- Can negotiate the terms of the award including the amount of the credit and length of the agreement
- IEDA is required to be a party to the agreement
- Responsible for assessing compliance for retained jobs after 18 months and for created jobs and investment after 3 years

Questions?



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