

3. The amount of the adjustment, when added to the amount originally estimated and certified, for any one year, shall not exceed the least of:

a. The amount required to pay interest and principal due upon bonded indebtedness for the three-year period beginning on the date of the adjustment.

b. One hundred twenty-five percent of the amount originally estimated and certified.

c. One hundred ten percent of the total district levies for the fiscal year preceding the fiscal year in which the adjustment is to be added.

4. The amount of the adjustment plus the amount of state replacement moneys received under section 427B.19A which is attributable to the amount of the adjustment, when added to the amount originally estimated and certified, shall not result in the levying of an amount over the life of the issue in excess of the amount necessary for principal and interest repayment.

5. Amounts collected pursuant to this section shall be deposited in a separate debt service account distinct from the account established to hold principal and interest revenues resulting from the original levy.

6. An adjustment shall not be permitted which results in extending a levy beyond the earlier of the following:

a. Ten years from the original date of certification of the amount required to pay interest and principal.

b. June 30, 2007.

Approved April 30, 1996

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## CHAPTER 1180

### ECONOMIC DEVELOPMENT PROGRAMS

S.F. 2351

**AN ACT** relating to department of economic development programs, including the workforce development fund program and the Iowa small business new jobs training Act, providing a supplemental new jobs credit from withholding, making an annual allocation from an appropriation, and establishing an effective date.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. NEW SECTION. 15.342A WORKFORCE DEVELOPMENT FUND ACCOUNT.

A workforce development fund account is established in the office of the treasurer of state under the control of the department. The account shall receive funds pursuant to section 422.16A up to a maximum of ten million dollars per year.

Sec. 2. Section 15.343, subsection 1, paragraph b, Code Supplement 1995, is amended by striking the paragraph.

Sec. 3.\* Section 15.343, subsection 1, paragraph c, Code Supplement 1995, is amended to read as follows:

c. Repayment moneys pursuant to section 422.16A, up to a maximum of ~~two~~ ten million dollars each year.

Sec. 4. Section 15.343, subsection 1, paragraph c, Code Supplement 1995, as otherwise amended by this Act, is amended by striking the paragraph and inserting in lieu thereof the following:

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\*See chapter 1219, §39 herein

c. Moneys appropriated to the fund from the workforce development fund account established in section 15.342A.

Sec. 5. Section 15.343, subsection 2, Code Supplement 1995, is amended by striking the subsection and inserting in lieu thereof the following:

2. The assets of the fund shall be used by the department for the following programs and purposes:

- a. Training and retraining programs for targeted industries.
- b. Projects under chapter 260F. The department shall require a match from all businesses participating in a training project under chapter 260F.
- c. Apprenticeship programs under section 260C.44, including new or statewide building trades apprenticeship programs.
- d. Innovative skill development activities.

Sec. 6. Section 15.343, subsection 3, Code Supplement 1995, is amended to read as follows:

3. The director shall submit ~~annually not later than January 1 of each year~~ at a regular or special meeting ~~preceding the beginning of the fiscal year~~, for approval by the economic development board, the proposed allocation of funds from the workforce development fund to be made for ~~that the next~~ fiscal year for the programs and purposes contained in subsection 2. The director shall also submit a copy of the proposed allocation to the chairpersons of the joint economic development appropriations subcommittee of the general assembly. ~~Subject to approval under~~ Notwithstanding section 8.39 ~~for transfer of allocations between programs contained in subsection 2~~, the plan may provide for increased or decreased allocations if the demand for a program indicates that the need is greater or lesser than the allocation for that program. The director shall report on a quarterly basis to the board on the status of the funds and may present proposed revisions for approval by the board in January and April of each year. The director shall also provide quarterly reports to the legislative fiscal bureau on the status of the funds. Unobligated and unencumbered moneys remaining in the workforce development fund or any of its accounts on June 30 of each year shall be considered part of the fund for purposes of the next year's allocation.

Sec. 7. NEW SECTION. 15.344 COMMON SYSTEM – ASSESSMENT AND TRACKING.

The department shall use information from the customer tracking system administered by the department of workforce development under section 84A.2, if enacted by Senate File 2409\* or House File 2463, to determine the economic impact of the programs. To the extent possible, the department shall track individuals and businesses who have received assistance or services through the fund to determine whether the assistance or services has resulted in increased wages paid to the individuals or paid by the businesses.

Sec. 8. NEW SECTION. 15A.7 SUPPLEMENTAL NEW JOBS CREDIT FROM WITHHOLDING.

In order to promote the creation of additional high-quality new jobs within the state, an agreement under section 260E.3 may include a provision for a supplemental new jobs credit from withholding from jobs created under the agreement. A provision in an agreement for which a supplemental credit from withholding is included shall provide for the following:

1. That the project shall be administered in the same manner as a project under chapter 260E and that a supplemental new jobs credit from withholding in an amount equal to one and one-half percent of the gross wages paid by the employer pursuant to section 422.16 is authorized to fund the program services for the additional project.
2. That the supplemental new jobs credit from withholding shall be collected, accounted for, and may be pledged by the community college in the same manner as described in section 260E.5.
3. That the employer shall agree to pay wages for the jobs for which the credit is taken of at least the average county wage or average regional wage, whichever is lower, as

\*See chapter 1186, §12 herein

compiled annually by the department for the community economic betterment program. For the purposes of this section, the average regional wage shall be compiled based upon the service delivery areas in section 84B.2, if enacted by 1996 Iowa Acts, Senate File 2409.\* Eligibility for the supplemental credit shall be based on a one-time determination of starting wages by the community college.

4. To provide funds for the payment of the costs of the additional project, a community college may borrow money, issue and sell certificates, and secure the payment of the certificates in the same manner as described in section 260E.6, including, but not limited to, providing the assessment of an annual levy as described in section 260E.6, subsection 4. The program and credit authorized by this subsection is in addition to, and not in lieu of, the program and credit authorized in chapter 260E.

Sec. 9. Section 260F.1, Code 1995, is amended to read as follows:

260F.1 TITLE.

This chapter shall be known and may be cited as the "Iowa ~~small business new jobs training Act~~".

Sec. 10. Section 260F.2, Code 1995, is amended to read as follows:

260F.2 DEFINITIONS.

When used in this chapter, unless the context otherwise requires:

1. "Agreement" is the agreement between a business and a community college concerning a project.

~~2. "Board of directors" means the board of directors of a community college.~~

~~3. 2. "Community college" means a community college established under chapter 260C.~~

~~4. 3. "Date of commencement of the project" means the date of the preliminary agreement or the date an application for assistance is received by the department.~~

~~4. "Department" means the department of economic development.~~

5. "Eligible business" or "business" means a business training employees which is engaged in interstate or intrastate commerce for the purpose of manufacturing, processing, or assembling products, conducting research and development, or providing services in interstate commerce, but excludes retail, health, or professional services and which meets the other criteria established by the Iowa department of economic development. "Eligible business" does not include a business which closes or substantially reduces its operation in one area of the state of Iowa and relocates substantially the same operation in another area of the state of Iowa. This subsection does not prohibit a business from expanding its operations in another area of the state provided that existing operations of a similar nature are not closed or substantially reduced. "Small "Eligible business" does not include a business whose training costs can be economically funded under chapter 260E, a business which closes or substantially reduces its employment base in order to relocate substantially the same operation to another area of the state, or a business which is involved in a strike, lockout, or other labor dispute in Iowa.

~~"Eligible business" includes the following:~~

~~a. Retraining business which is currently conducting retooling of a production facility.~~

~~b. Small business which meets other criteria established by the department of economic development relating to business size.~~

6. "Employee" means the person employed in a new job by a small business or a person currently employed by a business who is to be retrained trained. However, "employee" does not include replacement workers who are hired as a result of a strike, lockout, or other labor dispute in Iowa.

~~7. "Incremental property taxes" means the taxes as provided in section 260F.4.~~

~~8. 7. "Jobs training program" or "program" means the project or projects established by a community college for the creation of jobs by providing education and training of workers for new jobs for a new or expanding small business or for the retraining of workers of an existing business training of employees.~~

~~9. "New job" means a job in a new or expanding small business but does not include jobs of recalled workers, or replacement jobs or other jobs that formerly existed in the small business in the state of Iowa.~~

\*See chapter 1186, §18 herein

~~10. "New jobs credit from withholding" means the credit as provided in section 260F.5.~~

~~11. 8. "Participating business" means the small business providing new jobs or retraining jobs and a business training employees which enters into an agreement with the community college.~~

~~12. 9. "Program costs" means all necessary and incidental costs of providing program services.~~

~~13. 10. "Program services" includes but is not limited to the following:~~

~~a. New jobs training.~~

~~b. a. Retraining Training of existing workers employees.~~

~~e. b. Adult basic education and job-related instruction.~~

~~d. c. Vocational and skill-assessment services and testing.~~

~~e. d. Training facilities, equipment, materials, and supplies.~~

~~f. On the job training.~~

~~g. e. Administrative expenses for the jobs training program.~~

~~h. f. Subcontracted services with institutions governed by the state board of regents, private colleges or universities, or other federal, state, or local agencies.~~

~~i. g. Contracted or professional services.~~

~~14. 11. "Project" means a training arrangement which is the subject of an agreement entered into between the community college and a business to provide program services.~~

~~15. "Retooling" means upgrading, modernizing, or expanding a business to increase the production or efficiency of business operations including, but not limited to, replacing equipment, introducing new manufacturing processes, or changing managerial procedures.~~

~~16. "Retraining job" means a job with an existing business that is substantially at risk of becoming displaced within the following ten years due to the retooling of the business.~~

Sec. 11. Section 260F.3, Code 1995, is amended by striking the section and inserting in lieu thereof the following:

260F.3 AGREEMENT.

A community college may enter into an agreement to establish a project. An agreement shall provide for, but is not limited to, the following:

1. Date of agreement.
2. Anticipated number of employees to be trained.
3. Estimated cost of training.
4. Anticipated dates of commencement and termination of training.
5. Other criteria established by the department.

Sec. 12. Section 260F.6, subsection 2, Code Supplement 1995, is amended to read as follows:

2. To provide funds for the present payment of the costs of a training program by the business, the community college may provide to the business an advance of the moneys to be used to pay for the program costs as provided in the agreement. To receive the funds for this advance from the job training fund established in subsection 1, the community college shall submit an application to the department of economic development. The amount of the advance shall not exceed fifty twenty-five thousand dollars for any project business site, or fifty thousand dollars within a three-fiscal-year period for any business site. The advance, if the agreement provides it as a loan, shall be repaid with interest from the sources provided in the agreement. The rate of interest to be charged for advances made in a calendar month is equal to one-half of the average rate of interest on tax exempt certificates issued by community colleges pursuant to chapter 260E for the previous twelve months. The rate shall be computed by the department of economic development. If the project involves a consortium of businesses, the maximum award per project shall not exceed fifty thousand dollars. Participation in a consortium does not affect a business site's eligibility for individual project assistance. Prior to approval a business shall agree to match program amounts in accordance with criteria established by the department.

Sec. 13. NEW SECTION. 260F.6A BUSINESS NETWORK TRAINING.

The community colleges and the department are authorized to fund business network

training projects which include five or more businesses and are located in two or more community college districts. A business network training project must have a designated organization or lead business to serve as the administrative entity that will coordinate the training program. The businesses must have common training needs and develop a plan to meet those needs. The department shall adopt rules governing this section's operation and participant eligibility.

Sec. 14. Section 260F.7, Code 1995, is amended to read as follows:

260F.7 DEPARTMENT OF ECONOMIC DEVELOPMENT TO COORDINATE.

The department of economic development, in consultation with the department of education and the division of job service of the department of employment services, shall coordinate the jobs training program. ~~A project shall not be funded under this chapter unless the department of economic development approves the project.~~ The department of economic development shall adopt rules pursuant to chapter 17A ~~that the community college will use in developing projects with new and expanding small business new jobs training proposals or existing business retraining proposals governing the program's operation and eligibility for participation in the program.~~ The department shall establish by rule criteria for determining what constitutes an eligible business. ~~A project shall not be funded under this chapter unless the department approves the project. The department shall establish by rule criteria for approval of projects. The department may adopt any rule effective immediately upon filing with the administrative rules coordinator or at a subsequent stated date prior to indexing and publication, or at a stated date less than thirty five days after filing, indexing, and publication. The department of economic development shall prepare an annual report for the governor and general assembly on the activities and the future anticipated needs of this jobs training program.~~

Sec. 15. Section 260F.8, Code 1995, is amended to read as follows:

260F.8 ALLOCATION.

1. For the ~~each~~ fiscal year ~~beginning July 1, 1992, and subsequent years,~~ the department of economic development shall make funds available to the community colleges. The department shall allocate by formula ~~at the beginning of the fiscal year~~ from the moneys in the fund an amount for each ~~merged area~~ community college to be used to provide the financial assistance for proposals of businesses ~~located in the merged area~~ whose applications have been approved by the department. The financial assistance shall be provided by the department from the amount set aside for that ~~merged area~~ community college. If any portion of the moneys set aside for a ~~merged area~~ community college have not been used or committed by ~~March~~ May 1 of the fiscal year, that portion is available for use by the department to provide financial assistance to businesses located in other ~~merged areas~~ community colleges. The department shall adopt by rule a formula for this set-aside ~~based on population and per capita income of the merged area.~~

2. Moneys available to the community colleges for this program may be used to provide ~~grants forgivable loans to train for new jobs or retain existing jobs when the project costs are less than five thousand dollars employees. If the project is for a consortium of businesses, project costs shall not exceed an average of five thousand dollars per business.~~

Sec. 16. Section 403.19, subsection 1, paragraph c, Code 1995, is amended to read as follows:

c. For the purposes of dividing taxes under ~~sections~~ section 260E.4 and 260F.4, the applicable assessment roll for purposes of paragraph "a" shall be the assessment roll as of January 1 of the calendar year preceding the first written agreement providing that all or a portion of program costs are to be paid for by incremental property taxes. The community college shall file a copy of the agreement with the appropriate assessor. The assessor may, within fourteen days of such filing, physically inspect the applicable taxable business property. If upon such inspection the assessor determines that there has been a change in the value of the property from the value as shown on the assessment roll as of January 1 of the calendar year preceding the filing of the agreement and such change in value is due to new construction, additions or improvements to existing structures, or remodeling of

existing structures for which a building permit was required, the assessor shall promptly determine the value of the property as of the inspection in the manner provided in chapter 441 and that value shall be included for purposes of the jobs training project in the assessed value of the employer's taxable business property as shown on the assessment roll as of January 1 of the calendar year preceding the filing of the agreement. The assessor, within thirty days of such filing, shall notify the community college and the employer or business of that valuation which shall be included in the assessed valuation for purposes of this subsection and section 260E.4 ~~or 260F.4~~. The value determined by the assessor shall reflect the change in value due solely to new construction, additions or improvements to existing structures, or remodeling of existing structures for which a building permit was required.

Sec. 17. Section 422.16A, Code Supplement 1995, as otherwise amended by this Act,\* is amended to read as follows:

**422.16A JOB TRAINING WITHHOLDING – CERTIFICATION AND TRANSFER.**

Upon payment in full of a certificate of participation or other obligation issued to fund a job training program under chapter 260E, including a certificate of participation repaid in whole or in part by the supplemental new jobs credit from withholding under section 15A.7, the community college providing the job training program shall notify the department of economic development of the amount paid by the employer or business to the community college to retire the certificate during the ~~previous last~~ twelve months of withholding collections. The department of economic development shall notify the department of revenue and finance of that amount. The department shall credit to the workforce development fund account established in section ~~15.343~~ 15.342A twenty-five percent of that amount each quarter for a period of ten years. If the amount of withholding from the business or employer is insufficient, the department shall prorate the quarterly amount credited to the workforce development fund account. The maximum amount from all employers which shall be transferred to the workforce development fund account in any year is ~~two~~ ten million dollars.

Sec. 18. Section 427B.17, subsection 7, Code Supplement 1995, is amended to read as follows:

7. For the purpose of dividing taxes under section 260E.4 ~~or 260F.4~~, the employer's or business's valuation of property defined in section 427A.1, subsection 1, paragraphs "e" and "j", and used to fund a new jobs training project which project's first written agreement providing for a division of taxes as provided in section 403.19 is approved on or before June 30, 1995, shall be limited to thirty percent of the net acquisition cost of the property. An employer's or business's taxable property used to fund a new jobs training project shall not be valued pursuant to subsection 2 or 3, whichever is applicable, until the assessment year following the calendar year in which the certificates or other funding obligations have been retired or escrowed. The taxpayer's valuation for such property shall then be the valuation specified in subsection 1 for the applicable assessment year. If the certificates issued, or other funding obligations incurred, between January 1, 1982, and June 30, 1995, are refinanced or refunded after June 30, 1995, the valuation of such property shall then be the valuation specified in subsection 2 or 3, whichever is applicable, for the applicable assessment year beginning with the assessment year following the calendar year in which those certificates or other funding obligations are refinanced or refunded after June 30, 1995.

Sec. 19. 1995 Iowa Acts, chapter 184, section 12, is repealed.

Sec. 20. Sections 15.345 and 15.346, Code Supplement 1995, are repealed.

Sec. 21. REPEALS. Sections 260F.4 and 260F.5, Code 1995, are repealed.

Approved April 30, 1996

\*Section 422.16A not otherwise amended by this Act