

CHAPTER 1084**NEW JOBS AND INCOME PROGRAM — INSURANCE PREMIUM TAX CREDIT***H.F. 721*

AN ACT relating to an insurance premium tax credit for eligible businesses under the new jobs and income program.

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

Section 1. NEW SECTION. 15.333A INSURANCE PREMIUM TAX CREDITS.

1. An eligible business may claim an insurance premium tax credit up to a maximum of ten percent of the new investment directly related to new jobs created by the location or expansion of an eligible business under the program. Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following seven years or until depleted, whichever occurs earlier.

For purposes of this section, “new investment directly related to new jobs created by the location or expansion of an eligible business under the program” means the cost of machinery and equipment, as defined in section 427A.1, subsection 1, paragraphs “e” and “j”, purchased for use in the operation of the eligible business, the purchase price of which has been depreciated in accordance with generally accepted accounting principles, and the cost of improvements made to real property which is used in the operation of the eligible business and which receives a partial property tax exemption for the actual value added under section 15.332.

2. An eligible business which has entered into an agreement under chapter 260E and which has increased its base employment level by at least ten percent within the time set in the agreement or, in the case of a business without a base employment level, adds new jobs within the time set in the agreement is entitled to a new jobs insurance premium tax credit for the tax year selected by the business. In determining if the business has increased its base employment level by ten percent or added new jobs, only the new jobs directly resulting from the project covered by the agreement and the new jobs directly related to those new jobs shall be counted. The amount of the credit is equal to the product of six percent of the taxable wages upon which an employer is required to contribute to the state unemployment compensation fund, as defined in section 96.19, subsection 37, times the number of new jobs existing in the tax year that directly result from the project covered by the agreement or new jobs that directly result from those new jobs. The tax year chosen by the business shall either begin or end during the period beginning with the date by which the project is to be completed under the agreement. Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following seven years or until depleted, whichever occurs earlier. For purposes of this subsection, “agreement”, “new job”, and “project” mean the same as defined in section 260E.2 and “base employment level” means the number of full-time jobs a business employs at the site which is covered by an agreement under chapter 260E on the date of that agreement.

Approved April 13, 1998