

MAR 2 2006  
WAYS AND MEANS

HOUSE FILE 2615  
BY COMMITTEE ON ECONOMIC GROWTH

(SUCCESSOR TO HSB 611)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act creating an insurance industry new jobs tax credit.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2615

1 Section 1. NEW SECTION. 432.12H INSURANCE INDUSTRY NEW  
2 JOBS TAX CREDIT.

3 The taxes imposed under this chapter shall be reduced by an  
4 insurance industry new jobs tax credit. The insurance  
5 industry new jobs tax credit is in lieu of, and not in  
6 addition to, the new jobs tax credit as provided in section  
7 422.11A. An industry which has entered into an agreement  
8 under chapter 260E and which has increased its base employment  
9 level by at least ten percent within the time set in the  
10 agreement or, in the case of an industry without a base  
11 employment level, adds new jobs within the time set in the  
12 agreement is entitled to an insurance industry new jobs tax  
13 credit for the tax year selected by the industry. In  
14 determining if the industry has increased its base employment  
15 level by ten percent or added new jobs, only those new jobs  
16 directly resulting from the project covered by the agreement  
17 and those directly related to those new jobs shall be counted.

18 The amount of the credit is equal to the product of six  
19 percent of the taxable wages upon which an employer is  
20 required to contribute to the state unemployment compensation  
21 administration fund, as defined in section 96.19, subsection  
22 37, times the number of new jobs existing in the tax year that  
23 directly result from the project covered by the agreement or  
24 new jobs that directly result from those new jobs. The tax  
25 year chosen by the industry shall either begin or end during  
26 the period beginning with the date of the agreement and ending  
27 with the date by which the project is to be completed under  
28 the agreement. Any credit in excess of the tax liability for  
29 the tax year may be credited to the tax liability for the  
30 following ten tax years or until depleted, whichever is the  
31 earlier. An insurance industry new jobs tax credit may only  
32 be claimed once for each new qualifying job. For purposes of  
33 this section, "agreement", "industry", "new job", and  
34 "project" mean the same as defined in section 260E.2, and  
35 "base employment level" means the number of full-time jobs an

1 industry employs at the plant site which is covered by an  
2 agreement under chapter 260E on the date of that agreement.  
3 The insurance industry new jobs tax credit may only be claimed  
4 by an industry entering into an agreement under chapter 260E  
5 on or after July 1, 2006.

6 EXPLANATION

7 This bill creates an insurance industry new jobs tax  
8 credit.

9 The bill provides that the tax on insurance premiums shall  
10 be reduced by an insurance industry new jobs tax credit. The  
11 insurance industry new jobs tax credit is in lieu of, and not  
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**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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HF 2615 - Insurance Industry New Jobs Tax Credit (LSB 6087 HV)  
Analyst: Jeff Robinson (Phone: [515] 281-4614) ([jeff.robinson@legis.state.ia.us](mailto:jeff.robinson@legis.state.ia.us))  
Fiscal Note Version – New  
Representative Chuck Soderberg

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**Description**

House File 2615 creates an insurance industry new jobs credit. The credit is equal to 6.0% of wages taxable under the State Unemployment Compensation Administration Fund. The Bill is effective July 1, 2006.

**Assumptions**

1. The taxable wage base is equal to \$21,300 in 2006 and will increase 4.0% per year.
2. The annual number of new jobs qualifying for the credit will be 490.
3. All insurance companies utilizing the credit will have sufficient insurance premium tax liability to utilize the credits in the year earned.

**Fiscal Impact**

The estimated direct impact on State General Fund revenue is projected to be \$626,000 in FY 2007 and will increase 4.0% per year thereafter.

This estimate does not include an adjustment for "indirect" impacts on State or local revenue. Both positive and negative indirect impacts are possible. Positive indirect impacts may include employees expending salary dollars within the State and growth in other businesses created and expanded to meet the needs of the new business. Negative indirect impacts may include the effect of the new business on other Iowa businesses when competing for labor, capital, and sales, as well as the additional demand for schools, roads, police and fire protection, and other government services that necessarily result from higher levels of employment and population.

**Source**

Department of Economic Development

/s/ Holly M. Lyons

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March 28, 2006

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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Anderson, Chr.  
Schickel  
Miller

HSB 611  
ECONOMIC GROWTH

HOUSE FILE <sup>001</sup> ~~26~~ 2615  
BY (PROPOSED COMMITTEE ON  
ECONOMIC GROWTH BILL BY  
CHAIRPERSON HOFFMAN)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
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