

# F I N A L R E P O R T

## ECONOMIC DEVELOPMENT AND JOBS TRAINING STUDY COMMITTEE

January, 1984

The Economic Development and Jobs Training Study Committee was established by the Legislative Council to conduct an examination of business assistance programs, vocational education, and job training programs in Iowa. The membership was chosen from legislators of the Senate and House Committees on Labor and Industrial Relations, Education and the Appropriations Subcommittees on Social Services and the Senate Committee on Small Business and Economic Development and the House Committee on Commerce and Small Business.

Members serving on the Study Committee were:

Senator Emil Husak, Co-chairperson  
Representative Ned Chiodo, Co-chairperson  
Senator Ted Anderson  
Senator James D. Wells  
Senator David M. Readinger  
Senator James E. Briles  
Representative Michael W. Connolly  
Representative Richard J. Varn  
Representative Clifford O. Branstad  
Representative Kyle Hummel

The Study Committee was initially granted four meetings and asked for and was granted an additional meeting date so as to complete final recommendations on bill requests drafted by the Legislative Service Bureau. Meetings were held on October 27, November 14, December 8, December 9, and December 22.

At the first meeting, the Study Committee heard presentations by Mr. Donald Rowen, Iowa Federation of Labor, AFL-CIO, who commented on the working relationship between labor and the Iowa Development Commission and the High Tech Council and who expressed concern about some job training programs which train new persons in a skill where there are a number of persons with that skill laid off; by Mr. Neil Milner, Iowa Bankers Association, who presented information from banks throughout the state on the status of the Iowa economy as seen from the financial perspective of the banks; by Mr. Bob Mann, Greater Des Moines Area Chamber of Commerce, who focused on the need for the encouragement of entrepreneurial ideas and the question of capital formation to encourage economic development; by Mr. Ed Lukowski, U. S. Department of Commerce, who discussed in regards to export development what needs to be done, what the states can do and what is presently available; and by members of the Iowa District Export Council which advises the U. S. Department of Commerce, who described what the council does and summarized what is involved in export trading.

At the second meeting, individuals from the Legislative Fiscal Bureau and Legislative Service Bureau made presentations to the Study Committee. These involved a summary analysis of Iowa's economy by Mr. Allan Swainston (LFB), an overview of the organization and services of state economic development by Mr. Thom Freyer (LFB), an inventory of Iowa programs by Mr. Dwayne Ferguson (LFB), and an inventory of policy and program options for economic development by Mr. Mike Goedert (LSB).

At the third meeting, the Study Committee reviewed presentations from the Office for Planning and Programming and the Iowa Development Commission in the morning. Mr. Ed Stanek, director of the Office for Planning and Programming presented a background on and the status of the new programs and provided the members with a pamphlet detailing the various programs involving assistance and services available for economic development. Mr. Harvey Siegelman of OPP gave a brief overview of the makeup and state of the Iowa economy, and Mr. Jack Bailey, director of the Development Commission presented an overview of the commission based upon functional groups and noted the economic factors impacting Iowa, the key result areas and the mission of the Development Commission. In the afternoon, presentations were made by Mr. Janesma, U. S. Small Business Administration involving the SMA's response to economic development options suggested at the last meeting and the assistance programs of the SBA; by Dr. Lou Wood, Professor at Drake University and Mr. David Swanson, director of the Center for Industrial Research and Service (CIRAS) involving their assistance to new, young and small businesses and areas where improvements could be made; by Mr. Bob Lounsberry, Iowa Secretary of Agriculture on agricultural promotion in the Iowa department of agriculture and the duties of the department's marketing division; Dr. Ewing, Professor at Iowa State University, involving the development by the university of meat export technology and a policy research center; and by Ms. Elaine Szymoniak, Des Moines Councilwoman and Mr. Bob Layton of the Des Moines City manager's office on enterprise zones and the city's perspective and recommendations.

At the fourth meeting, the Study Committee heard from Mr. Phil Smith of the Office for Planning and Programming on the state's involvement under the federal Jobs Training Partnership Act. Also making presentations were Mr. Thom Freyer of the Legislative Fiscal Bureau and Mr. Mike Goedert of the Legislative Service Bureau. These involved identifying costs and options of expanding the Development Commission's Call One program, establishing an Iowa export council, and consolidating the major Iowa community and economic development programs into a single department; and a description of certain public works and human services economic development options, the Massachusetts insurance investment pool law, and an employee "leasing" program. The Study Committee requested an additional meeting day for the purpose of finalizing recommendations many of which are to be drafted as bills by the Legislative Service Bureau. These recommendations involve the

continuation for another year of the community cultural grant program established in Division XIII of Senate File 548, a neighborhood assistance program involving tax credits for certain contributions made by businesses, state enterprise zones, the use of the Iowa district export council as an advisory body to the state development commission, a resolution supporting the formation of a world trade center in Des Moines, the evaluation by the Legislative Fiscal Bureau of existing job training programs effectiveness in meeting the needs of Iowa employers, and an evaluation to be made by the Legislative Fiscal and Service Bureaus on what promotional functions can be consolidated under a single department.

At the last meeting, the Study Committee discussed and made final recommendations. The results of this meeting are as follows: One resolution favoring a world trade center with only private funding and six bills were recommended, one bill was voted out without recommendation, one bill (which has not been completed) was recommended for drafting only for the pupose of determining, by the Legislative Fiscal Bureau, the fiscal impact of creating a new Department of Community and Economic Development for consolidating into it the marketing and promotion programs of other state agencies, and two recommendations as follows:

1. That the Legislative Council authorize the Legislative Fiscal Bureau to conduct an evaluation of the coordination between job training programs in Iowa and the effectiveness of these programs in meeting workforce training needs.

2. That the Legislative Council authorize the continuation of the Economic Development and Jobs Training Study Committee and authorize the Study Committee to have a Request For Proposal drafted with the intent to hire a consultant for establishing and evaluating long-range economic development plans with the Study Committee overseeing the development of such a plan.

The titles of the recommended bill drafts are as follows:

1. An Act requiring the Iowa development commission to form an informal advisory group on exports.

2. An Act relating to the making of an appropriation to carry out the program to aid communities in developing festivals and other tourist attractions.

3. An Act establishing an Iowa job training and coordination program and making an appropriation.

4. An Act relating to the computation of net income for purposes of the state individual and corporate income tax by providing an additional business deduction for increasing employment over previous years.

5. An Act making an appropriation to the center for industrial research and service at Iowa state university of science and technology for the purpose of funding the small business development centers and the small business division of the Iowa development commission.

6. An Act relating to the granting of a partial property tax exemption for the actual value added by the new construction of or the improvements to single-family residences.

The title of the bill that was voted out without recommendation is:

An Act relating to the granting of tax credits to business firms which invest in programs providing community services, crime prevention, education and job training to individuals, or neighborhood assistance.

PROPOSED SENATE CONCURRENT RESOLUTION \_\_\_\_\_

BY (PROPOSED ECONOMIC DEVELOPMENT AND JOB  
TRAINING STUDY COMMITTEE RESOLUTION)

1 WHEREAS, an Iowa world trade center has been  
2 proposed by citizens of this state to promote  
3 agricultural trade in the international forum; and

4 WHEREAS, Iowa's farmers are among the top producers  
5 of corn and soybeans in this country and also rank  
6 among the top producers of pork and beef products;  
7 and

8 WHEREAS, Iowa's economic strength lies in  
9 agriculture and agriculturally related industries;  
10 and

11 WHEREAS, the establishment of a world trade center  
12 will enhance opportunities for economic development  
13 and job opportunities for the citizens of this state;  
14 and

15 WHEREAS, Iowa's location in the midwest is ideal  
16 for the establishment of an Iowa world trade center;  
17 NOW THEREFORE,

18 BE IT RESOLVED BY THE SENATE, THE HOUSE CONCURRING,  
19 That the general assembly endorses and encourages  
20 through the investment of private funding the  
21 establishment of an Iowa world trade center.

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PROPOSED SENATE/HOUSE FILE \_\_\_\_\_

BY (ECONOMIC DEVELOPMENT AND  
JOBS TRAINING STUDY COMMITTEE  
BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

## A BILL FOR

1 An Act requiring the Iowa development commission to form an  
2 informal advisory group on exports.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
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1 Section 1. Section 28.7, Code 1983, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. Establish an informal advisory group on  
4 exports from which the commission shall obtain advice and  
5 with which the commission shall consult for the purpose of  
6 encouraging and promoting Iowa agricultural, industrial, and  
7 other products for export. This advisory group shall, to  
8 the extent possible, consist of the members of the advisory  
9 group to the United States department of commerce known as  
10 the Iowa district export council and one member who is a  
11 representative of the agriculture marketing board established  
12 in section 159.25.

13 EXPLANATION

14 The bill requires the Iowa development commission to es-  
15 tablish an advisory group on exports from which it shall ob-  
16 tain advice and with which it will consult for the purpose  
17 of encouraging and promoting Iowa agricultural, industrial,  
18 and other products for export. The membership of the advisory  
19 group is to consist of the members of the Iowa district export  
20 council which advises the U.S. department of commerce and  
21 one member who represents the state agriculture marketing  
22 board.

23 The bill takes effect July 1 following enactment.

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PROPOSED SENATE/HOUSE FILE \_\_\_\_\_

BY (ECONOMIC DEVELOPMENT AND  
JOBS TRAINING STUDY  
COMMITTEE BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the making of an appropriation to carry  
2 out the program to aid communities in developing festi-  
3 vals and other tourist attractions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. 1983 Iowa Acts, chapter 207, division XIII,  
2 section 92, is amended to read as follows:

3 DIVISION XIII

4 SEC. 92. There is appropriated from the general fund of  
5 the state for the fiscal year beginning July 1, 1983 and  
6 ending June 30, 1984, nine hundred thousand (900,000) dollars,  
7 or so much thereof as is necessary, and for the fiscal year  
8 beginning July 1, 1984 and ending June 30, 1985, one million  
9 (1,000,000) dollars, or so much thereof as is necessary, to  
10 the office for planning and programming to be used for  
11 community grants as follows:

12 1. The jobs commission established in division 1 of this  
13 Act shall establish a program of grants to cities and community  
14 groups for the development of community programs that would  
15 provide local jobs for Iowa residents and at the same time  
16 promote a city's historical, ethnic, and cultural heritages  
17 through the development of festivals, music, drama, or cultural  
18 programs, or tourist attractions. At least twenty-five percent  
19 of the funds appropriated in this division shall be used for  
20 the purpose of developing community programs eligible for  
21 grants under this division which were not in existence prior  
22 to the effective date of this division.

23 2. A city or community group may submit applications to  
24 the jobs commission or to any job service office in the state.  
25 Applications shall be reviewed by the Iowa arts council, the  
26 state historical board, and the tourist division of the Iowa  
27 development commission, acting as an advisory committee to  
28 the jobs commission. The advisory committee shall submit  
29 recommendations to the jobs commission regarding possible  
30 recipients and grant amounts. The amount of a grant shall  
31 not exceed fifty percent of the cost of the community program  
32 and the application must demonstrate that the city or community  
33 group will provide the required matching money. In lieu of  
34 providing the entire match in money, a city or community group  
35 may substitute in-kind services for up to fifty percent of

1 the matching requirement.

2 3. ~~If a portion of the funds appropriated by this subsec-~~  
3 ~~tion is not committed to a city or community group by March~~  
4 ~~17, 1984, the uncommitted funds may be transferred under section~~  
5 ~~8.39 to local work relief projects funded under division F~~  
6 ~~of this Act.~~ The office for planning and programming may  
7 contract with the federal action agency to administer this  
8 program on a cost-sharing basis with the federal action agency.  
9 The federal action agency shall not use more than one and  
10 one-half percent of the funds appropriated under this divi-  
11 sion for administrative expenses. If the office for plan-  
12 ning and programming is unable to contract with the federal  
13 action agency, the office shall monitor the use of the funds  
14 under this program and shall not use more than one and one-  
15 half percent of the funds appropriated under this division  
16 for administrative expenses.

17 EXPLANATION

18 The bill appropriates \$1,000,000 for the fiscal year begin-  
19 ning July 1, 1984 to the office for planning and programming  
20 to be used to provide grants to cities and community groups  
21 for the development of community programs that would promote  
22 a city's historical, ethnic, and cultural heritages. This  
23 program operated during the 1983-1984 fiscal year. The office  
24 for planning and programming is instructed to try and contract  
25 with the federal action agency to administer this program  
26 on a cost-sharing basis with the federal action agency.

27 The bill takes effect July 1, 1984.

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PROPOSED SENATE/HOUSE FILE \_\_\_\_\_

BY (ECONOMIC DEVELOPMENT AND  
JOBS TRAINING STUDY  
COMMITTEE BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

## A BILL FOR

1 An Act establishing an Iowa job training and coordination  
2 program and making an appropriation.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. SHORT TITLE. This chapter shall  
2 be known and may be cited as the "Iowa job training and  
3 coordination Act".

4 Sec. 2. NEW SECTION. PURPOSE. The purpose of this chapter  
5 is to expand the authority of the state job training  
6 coordinating council established pursuant to the federal Job  
7 Training Partnership Act of 1982, Pub. L. No. 97-300, to  
8 authorize additional services and activities for participants  
9 of job training programs, and to appropriate sums as necessary  
10 to carry out this chapter.

11 Sec. 3. NEW SECTION. DEFINITIONS. As used in this chapter  
12 unless the context otherwise requires:

13 1. "Federal Act" means the Job Training Partnership Act  
14 of 1982, Pub. L. No. 97-300.

15 2. "State council" means the state job training  
16 coordinating council appointed by the governor pursuant to  
17 the federal Act and section 4 of this Act.

18 3. "Services and activities" means the types of job  
19 training, work experience, and support services provided for  
20 program participants, as authorized under section 6 of this  
21 Act.

22 4. "Participant" means an individual who is eligible for  
23 and enrolled in either the federal Act or in the services  
24 and activities authorized through this chapter.

25 5. "Service delivery area" means those regions into which  
26 the state is divided in accordance with the federal Act and  
27 through which job training services are provided.

28 6. "Child care" means the care, supervision, or guidance  
29 of a child by a person other than the parent, guardian, rela-  
30 tive, or custodian for periods of two hours or more and less  
31 than twenty-four hours per day per child on a regular basis  
32 in a place other than the child's home. Where feasible,  
33 priority consideration for the purchase of child care services  
34 shall be given to licensed child care centers as defined in  
35 section 237A.2, or in registered family or group day care

1 homes as defined in section 237A.3.

2 Sec. 4. NEW SECTION. STATE JOB TRAINING COORDINATING  
3 COUNCIL.

4 1. Pursuant to the federal Act the governor shall appoint  
5 a state job training coordinating council designating one  
6 nongovernmental member to be chairperson. In making appoint-  
7 ments to the state council, the governor shall ensure that  
8 the membership of the state council reasonably represents  
9 the population of the state.

10 2. The state council shall be composed as follows:

11 a. One-third of the membership shall be representatives  
12 of business and industry and agriculture in the state, which  
13 may include individuals who are representatives of business  
14 and industry on private industry councils in the state.

15 b. Not less than twenty percent of the membership shall  
16 be representatives of the general assembly and state agencies.  
17 State agency representation may come from: the state voca-  
18 tional education board, the state advisory council on voca-  
19 tional education, the state board of education if the state  
20 board of education is not otherwise represented, state public  
21 assistance agencies, the state employment security agency,  
22 the state rehabilitation agency, the state occupational  
23 information coordinating committee, state postsecondary  
24 institutions, the state economic development agency, state  
25 veterans affairs agencies or their equivalent, and other  
26 agencies that the governor determines have a direct interest  
27 in employment and training and human resource utilization  
28 within the state.

29 c. Not less than twenty percent of the membership shall  
30 be representatives of the units or associations of units of  
31 general local government in the state, including those which  
32 are administrative entities or grantees under this chapter,  
33 which shall be nominated by the chief executive officers of  
34 the units or associations of units of general local govern-  
35 ment.

1 d. Not less than twenty percent of the membership shall  
2 be representatives of the eligible population and of the  
3 general public, of organized labor, of community-based  
4 organizations, and of local educational agencies. The  
5 representatives of local educational agencies are to be  
6 nominated by the local educational agencies.

7 3. The state council shall meet at times and in places  
8 as it deems necessary.

9 4. In order to assure objective management and oversight,  
10 the state council shall not operate programs or provide  
11 services directly to eligible participants, but shall exist  
12 solely to plan, coordinate, and monitor the provision of the  
13 programs and services.

14 5. The plans and decisions of the state council are subject  
15 to approval by the governor.

16 Sec. 5. NEW SECTION. STATE COUNCIL DUTIES. The state  
17 council, acting as an advisory body to the governor, shall,  
18 in addition to the responsibilities assigned to it by the  
19 federal Act, assume the following duties:

20 1. To coordinate the Iowa industrial new jobs training  
21 Act, established in chapter 280B, with the federal Act and  
22 with other related programs funded by the federal government  
23 and the general assembly.

24 2. To monitor the performance and provide oversight of  
25 the operation of the Iowa industrial new jobs training Act  
26 to assure its coordination with other state and federally  
27 funded job training programs.

28 3. To develop coordination criteria and an annual state-  
29 ment of goals and objectives for the Iowa industrial new jobs  
30 training Act, and to include these criteria and goals and  
31 objectives in the governor's coordination and special services  
32 plan, developed under the authority of the federal Act.

33 4. To review administrative rules proposed by the Iowa  
34 development commission for the Iowa industrial new jobs  
35 training Act, and recommend changes to the proposed rules

1 to the governor, where coordination will be facilitated by  
2 the changes.

3 The state council shall be provided with a copy of each  
4 agreement entered into by an area school and an employer under  
5 the Iowa industrial new jobs training Act within thirty days  
6 following the execution of the agreement.

7 The area schools shall provide copies of annual reports  
8 to the state council detailing the performance and ac-  
9 complishments of each agreement.

10 All state agencies and officers shall provide the state  
11 council with any information it requests on employment-related  
12 programs operated in the state.

13 Sec. 6. NEW SECTION. SERVICES AND ACTIVITIES. The fol-  
14 lowing job training services and activities are allowed for  
15 participants enrolled in training programs authorized by this  
16 chapter:

17 1. INSTITUTIONALIZED SKILL TRAINING. Vocational skill  
18 training which is normally conducted in an institutional  
19 setting, and which is designed to provide individuals with  
20 technical skills and information required to perform a specific  
21 job or group of jobs.

22 2. JOB SEARCH TRAINING. Training that provides  
23 participants with the necessary skills to look for employment.

24 3. ON-THE-JOB TRAINING. Training in the private or public  
25 sector given to a participant, who is hired by the employer  
26 when the training begins, and which occurs while the partici-  
27 pant is engaged in productive work which provides knowledge  
28 or skills essential to the full and adequate performance of  
29 the work.

30 4. PREEMPLOYMENT TRAINING. A broadly inclusive component  
31 which involves a variety of activities that are prerequisite  
32 to occupational skill training or job placement. These ac-  
33 tivities may include job seeking and job keeping skills, work  
34 habit training, career decision making, career assessment,  
35 and job placement.

1 5. RELOCATION ASSISTANCE. The activities necessary to  
2 arrange for a family to move to a new home for the purpose  
3 of accepting long-term employment. Activities may include,  
4 but are not limited to, the cost of the actual transfer of  
5 goods and property, including mileage for the family's travel,  
6 emergency assistance, rent subsidies, and other supportive  
7 services.

8 6. REMEDIAL AND BASIC SKILL TRAINING. An activity designed  
9 to enhance the employability of individuals by upgrading basic  
10 academic skills.

11 7. RETRAINING. The training of participants who have  
12 received layoff notice or have been laid off and who have  
13 little opportunity to be reemployed in the same or equivalent  
14 occupation within the labor market area, by providing them  
15 with new skills in occupations which provide a reasonable  
16 expectation of continued employment.

17 8. SUPPORTIVE SERVICES. Those services which are neces-  
18 sary to enable a participant to take part in a training ac-  
19 tivity, but are not actually used as a part of the training  
20 activity. Supportive services may include, but are not limited  
21 to, child care, health care, transportation, relocation,  
22 nonjob-related counseling, personal property, residential  
23 and meals support, and miscellaneous services including  
24 bonding, license fees, and other services deemed necessary.

25 9. TRAINING SERVICES. Those services which are necessary  
26 to enable a participant to take part in a training activity  
27 and are actually used as a part of the training activity.  
28 Training services include, but are not limited to, job related  
29 counseling and occupationally required property.

30 10. UPGRADING. A program designed to assist persons who  
31 are currently working by providing them with positions of  
32 greater skill, responsibility, remuneration, or career ad-  
33 vancement in the company by which they are presently employed.

34 11. VOCATIONAL EXPLORATION. An activity which is conducted  
35 at an actual work site or work sites for the purpose of ex-

1 posing the participant to one or more jobs through observa-  
2 tion of these jobs, instruction, and, if appropriate, limited  
3 practical experience. Vocational exploration may take place  
4 at public, private nonprofit, or private-for-profit work  
5 sites.

6 12. WORK EXPERIENCE. A short-term or part-time assignment  
7 used to enhance a participant's employability through the  
8 development of good work habits and basic work skills. In  
9 order to enroll a participant in a work experience activity,  
10 the following conditions must be met:

11 a. Participants shall be paid the federal statutory minimum  
12 hourly wage, and shall not be employed for more than thirty-  
13 two hours per week in order to allow the individuals to seek  
14 permanent employment and to participate in such job training  
15 services and activities as remedial education and job search  
16 assistance.

17 b. Work experience is limited to employers who are units  
18 of state, county, or municipal government.

19 c. A participant may not be enrolled in a work experience  
20 activity for a period longer than six months.

21 d. Prior to enrollment in this activity, a participant  
22 must meet the eligibility standards established for participa-  
23 tion under Title IIA or Title III of the federal Act.

24 e. The state council shall develop procedures which will  
25 assure that work experience activities are of value to the  
26 community and shall oversee the provision of work experience  
27 activities.

28 f. Approved costs for work experience activities include  
29 participant wages, benefits, workers' compensation, and li-  
30 ability insurance. Other costs may be allowed by the state  
31 council.

32 Sec. 7. NEW SECTION. FUNDS ALLOCATION. The state council  
33 shall recommend to the governor the amount of funds appro-  
34 priated for this chapter to be allocated for each activity  
35 and service. With the governor's concurrence, funds will

1 then be distributed to service delivery areas as follows:

2 1. One-third shall be allocated on the basis of the rela-  
3 tive number of unemployed individuals residing in areas of  
4 substantial unemployment in each service delivery area as  
5 compared to the total number of unemployed individuals in  
6 all areas of substantial unemployment in the state.

7 2. One-third shall be allocated on the basis of the rela-  
8 tive excess number of unemployed individuals who reside in  
9 each service delivery area as compared to the total excess  
10 number of unemployed individuals in all service delivery areas  
11 in the state.

12 3. One-third shall be allocated on the basis of the rela-  
13 tive number of economically disadvantaged individuals within  
14 each service delivery area compared to the total number of  
15 economically disadvantaged individuals in the state, except  
16 that the allocation for any service delivery area described  
17 in section 101(a)(4)(A)(iii) of the federal Act shall be based  
18 on the higher of the number of adults in families with an  
19 income below the low-income level in that area or the number  
20 of economically disadvantaged individuals in that area.

21 4. For the purpose of this section:

22 a. "Excess number" means the number which represents  
23 the number of unemployed individuals in excess of four and  
24 one-half percent of the civilian labor force in the service  
25 delivery area or the number which represents the number of  
26 unemployed individuals in excess of four and one-half percent  
27 of the civilian labor force in areas of substantial unemploy-  
28 ment in such service delivery area.

29 b. "Economically disadvantaged" means the same as defined  
30 in section 7B.2.

31 5. With the governor's concurrence, the state council  
32 may set aside up to twenty-five percent of the total funds  
33 available under this chapter for distribution to agencies  
34 providing special services to individuals possessing  
35 significant barriers to employment, as determined by the state

1 council, or to areas of the state determined by the state  
2 council to require special services.

3     Sec. 8. NEW SECTION. REPORTING. The state council shall  
4 prepare a report annually for the governor and for the general  
5 assembly on the progress and accomplishment of the activities  
6 authorized under this chapter, which shall include  
7 recommendations for improvements, problems encountered, and  
8 financial information. The report is due on January 15 of  
9 each year. The office for planning and programming, the Iowa  
10 development commission, the department of public instruction  
11 and the area community colleges shall cooperate with the state  
12 council in preparing this report.

13     Sec. 9. Section 7B.2, subsection 3, Code Supplement 1983,  
14 is amended by striking the subsection and inserting in lieu  
15 thereof the following:

16     3. "Dislocated worker" means, but is not limited to, an  
17 individual who is residing at an address within the state  
18 at the time of application and meets at least one of the fol-  
19 lowing criteria:

20     a. Was terminated or laid off or has received notice of  
21 termination or layoff from employment, and is eligible for  
22 or has exhausted entitlement to unemployment compensation,  
23 and is unlikely to return to the previous industry or  
24 occupation.

25     b. Was terminated, or has received notice of termination  
26 of employment, as a result of the permanent closure of a plant  
27 or facility.

28     c. Is long-term unemployed and has limited opportunities  
29 for employment or reemployment in the same or a similar  
30 occupation in the area in which the individual resides,  
31 including an older individual who may have substantial barriers  
32 to employment by reason of age.

33     Sec. 10. Section 7B.2, subsection 5, Code Supplement 1983,  
34 is amended by striking the subsection and inserting in lieu  
35 thereof the following:

1 5. "Displaced homemaker" means an individual who meets  
2 all of the following criteria:

3 a. Has not worked in the labor force for at least two  
4 years immediately prior to application but has, during those  
5 years, worked in the home providing unpaid services for family  
6 members.

7 b. (1) Has been dependent on public assistance or on  
8 the income of another family member but is no longer supported  
9 by that income; or

10 (2) Is receiving public assistance on behalf of dependent  
11 children in the home, especially where that assistance will  
12 soon be terminated.

13 c. Is experiencing difficulty in obtaining employment.

14 Sec. 11. There is appropriated from the general fund of  
15 the state for the fiscal year beginning July 1, 1984 and  
16 ending June 30, 1985, four million (4,000,000) dollars, or  
17 so much as is necessary, to the office for planning and  
18 programming in order to finance the activities authorized  
19 under sections 1 through 8 of this Act which moneys are to  
20 be allocated as follows:

21 1. Not less than ten percent shall be used to finance  
22 participant supportive services, including child care as  
23 defined in section 1 of this Act for the dependents of  
24 individuals enrolled in authorized activities of the Job  
25 Training Partnership Act of 1982, Pub. L. No. 97-300. Child  
26 care services may be purchased when it is determined by  
27 appropriate Job Training Partnership Act grant recipients  
28 that the lack of adequate child care services for a dependent  
29 child poses a substantial barrier to the individual's  
30 successful completion of a job training activity.

31 2. Not less than ten percent shall be used to finance  
32 job training activities, as authorized under the Job Training  
33 Partnership Act, for individuals who are offenders or ex-  
34 offenders.

35 a. Of this amount, up to fifty percent may be used for

1 community-based correctional programs, providing the appro-  
2 priate service delivery area's job training plan authorizes  
3 the use of the Job Training Partnership Act funds to match  
4 the state funds on an equal cost-sharing basis, and the plan  
5 includes provisions for the development and coordination of  
6 job training programs for offenders and ex-offenders.

7     b. Funds not committed to community-based correctional  
8 programs are available to the Iowa department of corrections  
9 for the development of job training programs within the  
10 correctional institutions under the jurisdiction of the  
11 department.

12     c. The Iowa department of corrections shall develop a  
13 job training plan for the use of these funds, and any other  
14 available Job Training Partnership Act funds. This plan must  
15 meet the standards established by the state job training  
16 coordinating council, and be approved by the council before  
17 the funds are obligated.

18     d. "Offender" means an adult or juvenile who is or has  
19 been subject to any stage of the criminal justice process  
20 for whom services under sections 1 through 8 of this Act may  
21 be beneficial or who requires assistance in overcoming  
22 artificial barriers to employment resulting from a record  
23 of arrest or conviction.

24     3. Not less than ten percent shall be used to finance  
25 job training activities for individuals who are displaced  
26 homemakers as defined in section 7B.2.

27     4. Funds not otherwise stipulated for use in this section  
28 may be used to provide job training services and activities,  
29 including short-term work experience and educational services  
30 for dislocated workers as defined in section 7B.2 and other  
31 eligible participants, and for state administrative expenses  
32 not to exceed five percent of the total appropriation.

33     5. Funds appropriated under this section shall be used  
34 in total or in part to satisfy the nonfederal matching funds  
35 requirement specified in the Job Training Partnership Act,

1 for the "State Education Coordination and Grants" (section  
2 123) and for "Title III--Employment and Training Assistance  
3 for Dislocated Workers" (section 304) of that federal Act.

4 EXPLANATION

5 The bill establishes a state job training and coordination  
6 program. This program expands the authority of the state  
7 job training coordinating council established by the governor  
8 pursuant to the federal Job Training Partnership Act, Public  
9 Law No. 97-300, to authorize additional services and activities  
10 for participants of job training programs. These services  
11 and activities consist of vocational skill training, on-the-  
12 job training, preemployment training, relocation assistance,  
13 remedial and basic skill training, retraining, upgrading of  
14 skills, vocational exploration, supportive services that  
15 enable a person to take part in training activities, and  
16 short-term or part-time jobs for work experience.

17 The bill appropriates \$4,000,000 for the fiscal year  
18 beginning July 1, 1984 to the office for planning and  
19 programming in order to finance the services and activities,  
20 with some limitations on the programs and areas of the state  
21 where the money will be used.

22 The bill takes effect July 1, 1984.

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PROPOSED SENATE/HOUSE FILE \_\_\_\_\_

BY (ECONOMIC DEVELOPMENT AND  
JOBS TRAINING SUBCOMMITTEE BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the computation of net income for purposes  
2 of the state individual and corporate income tax by pro-  
3 viding an additional business deduction for increasing  
4 employment over previous years.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 422.7, Code Supplement 1983, is amended  
2 by adding the following new subsection:

3 NEW SUBSECTION. 19. If the adjusted gross income includes  
4 income or loss from a trade or business operated by the tax-  
5 payer and the number of employees of that trade or business  
6 exceeded, at any time during the trade or business's annual  
7 accounting period ending with or during the taxpayer's tax  
8 year, the threshold employee level for the annual accounting  
9 period, an adjustment shall be made in computing the income  
10 or loss from that trade or business by allowing as a deduction  
11 in computing that income or loss an additional fifty percent  
12 of the wages paid to the most recent employees hired during  
13 the accounting period who were domiciled in Iowa on the date  
14 of their employment. However, the amount of the deduction  
15 shall be computed only for the number of employees in excess  
16 of the threshold employee level for the annual accounting  
17 period and only for the wages paid during the accounting  
18 period that the threshold employee level was exceeded. This  
19 deduction shall not be allocated or apportioned to another  
20 state.

21 For purposes of this subsection, the "threshold employee  
22 level for the annual accounting period" is the highest number  
23 of employees of the trade or business at any time during the  
24 previous three annual accounting periods or during all the  
25 previous annual accounting periods if the trade or business  
26 has been in operation for less than three years, and "employee"  
27 means an individual who works within or without Iowa on a  
28 part-time or full-time basis but does not include an individual  
29 who is an owner of the trade or business or for whom this  
30 subsection applies. If the trade or business began operation  
31 during the accounting period, the threshold employee level  
32 for that accounting period is zero.

33 If the trade or business has been sold or otherwise  
34 transferred to a subsequent employing unit or, if one or more  
35 employing units have been reorganized or merged into a single

1 employing unit and the successor employer continues to operate  
2 the trade or business, the successor employer shall assume  
3 the position of the predecessor employer or employers with  
4 respect to the predecessors' threshold employee level for  
5 the annual accounting period which is attributable to the  
6 part of the business transferred, to the same extent as if  
7 the ownership or control had not changed.

8 If a clearly segregable and identifiable part of a trade  
9 or business has been sold or otherwise transferred to a  
10 subsequent employing unit, and the successor employing unit  
11 continues to operate the trade or business, the successor  
12 shall assume the position of the predecessor employer with  
13 respect to the threshold employee level for the annual  
14 accounting period, which is attributable to the part of the  
15 trade or business transferred to the same extent as if the  
16 ownership or control of the trade or business had not changed.

17 This subsection does not apply to tax years beginning on  
18 or after January 1, 1989.

19 Sec. 2. Section 422.35, Code Supplement 1983, is amended  
20 by adding after subsection 10 the following new subsection  
21 and renumbering the subsequent subsection:

22 NEW SUBSECTION. 11. If the number of employees of the  
23 taxpayer exceeded, at any time during the tax year, the  
24 threshold employee level for the tax year, subtract fifty  
25 percent of the wages paid to the most recent employees hired  
26 during the tax year who were domiciled in Iowa on the date  
27 of their employment. However, the amount to be subtracted  
28 shall be computed only for the number of employees in excess  
29 of the threshold employee level for the tax year and only  
30 for the wages paid during the tax year that the threshold  
31 employee level was exceeded. This deduction shall not be  
32 allocated or apportioned to another state.

33 For purposes of this subsection, the "threshold employee  
34 level for the tax year" is the highest number of employees  
35 of the taxpayer at any time during the previous three tax

1 years or during all previous tax years if the taxpayer has  
2 been in operation for less than three years, and "employee"  
3 means an individual who works within or without Iowa on a  
4 part-time or full-time basis. If the taxpayer began operation  
5 during the tax year, the threshold employee level for that  
6 tax year is zero.

7 If the corporation has been sold or otherwise transferred  
8 to a subsequent employing unit or, if one or more employing  
9 units have been reorganized or merged into a single employing  
10 unit and the successor employer continues to operate the  
11 corporation, the successor employer shall assume the position  
12 of the predecessor employer or employers with respect to the  
13 predecessors' threshold employee level for the annual  
14 accounting period to the same extent as if the ownership or  
15 control had not changed.

16 If a clearly segregable and identifiable part of a  
17 corporation has been sold or otherwise transferred to a  
18 subsequent employing unit, and the successor employing unit  
19 continues to operate the corporation, the successor shall  
20 assume the position of the predecessor employer with respect  
21 to the threshold employee level for the annual accounting  
22 period, which is attributable to the part of the corporation  
23 transferred to the same extent as if the ownership or control  
24 of the corporation had not changed.

25 This subsection does not apply to tax years beginning on  
26 or after January 1, 1989.

27 Sec. 3. This Act takes effect July 1, 1984 for tax years  
28 beginning on or after that date.

29 EXPLANATION

30 The bill provides that in computing a taxpayer's net income  
31 for purposes of the state individual or corporate income tax  
32 an additional business deduction is allowed if the business  
33 has increased its employment in or without the state in excess  
34 of a threshold level. This threshold level is equal to the  
35 highest number of employees in or without the state during

1 the previous three accounting periods or during the accounting  
2 periods in which the business has been in operation, whichever  
3 is the longer period of time. The amount of the additional  
4 deduction equals fifty percent of the wages paid to the most  
5 recently hired employees who were hired during the accounting  
6 period and were domiciled in Iowa on the date of employment.  
7 However, in computing this deduction, only the wages paid  
8 to the number of employees in excess of the threshold level  
9 are counted. This deduction is in addition to the deduction  
10 allowed for the wages paid or accrued to employees in computing  
11 business income or loss. Thus the bill provides that for  
12 certain employees and on certain wages a business can deduct  
13 150 percent of those wages.

14 The bill takes effect July 1, 1984 following enactment  
15 for tax years beginning on or after that date. The bill does  
16 not apply to tax years beginning on or after January 1, 1989.

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PROPOSED SENATE/HOUSE FILE \_\_\_\_\_

BY (ECONOMIC DEVELOPMENT AND JOBS  
TRAINING STUDY COMMITTEE BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

## A BILL FOR

1 An Act making an appropriation to the center for industrial  
2 research and service at Iowa state university of science  
3 and technology for the purpose of funding the small  
4 business development centers and the small business division  
5 of the Iowa development commission.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. There is appropriated for the fiscal year  
2 beginning July 1, 1984 and ending June 30, 1985 the amount  
3 of \_\_\_\_\_ dollars to  
4 the center for industrial research and service at Iowa state  
5 university of science and technology for the purpose of funding  
6 the small business development centers to provide assistance  
7 to small businesses in Iowa and for the purpose of funding  
8 the administrative costs of the Iowa development commission's  
9 small business division by matching federal or private funds  
10 which are available for this purpose and which are ad-  
11 ministered by the center for industrial research and service.

12 EXPLANATION

13 The bill appropriates \$ \_\_\_\_\_ for the fiscal year beginning  
14 July 1, 1984 to the center for industrial research and service  
15 (CIRAS) located at Iowa state university of science and  
16 technology. The moneys are to be used for funding the small  
17 business development centers to provide assistance to small  
18 businesses in Iowa and to fund the administrative costs of  
19 the Iowa development commission's small business division.  
20 The moneys would be used to match federal and private funds  
21 that CIRAS administers for this purpose.

22 The bill takes effect July 1, 1984.

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PROPOSED SENATE/HOUSE FILE \_\_\_\_\_

BY (ECONOMIC DEVELOPMENT AND JOBS  
TRAINING STUDY COMMITTEE BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the granting of a partial property tax  
2 exemption for the actual value added by the new construc-  
3 tion of or the improvements to single-family residences.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 427B.20 ACTUAL VALUE ADDED  
2 EXEMPTION FROM TAX--PUBLIC HEARING. A city council or a  
3 county board of supervisors may provide by ordinance for a  
4 partial exemption from property taxation of the actual value  
5 added to residential real estate by the new construction of  
6 single-family residences or by the improvement to existing  
7 single-family residences. New construction includes recon-  
8 struction of an existing building or structure if it con-  
9 stitutes complete replacement of that building or structure.  
10 A single-family residence is a building or structure designed  
11 solely for the habitation of a single family and used for  
12 that purpose by the owner. The city council or the board  
13 of supervisors may limit the partial exemption to a single-  
14 family residence which is the first residence owned by the  
15 owner in Iowa. Only residential real estate located in the  
16 incorporated area of the city shall be granted a tax exemption  
17 by the city council. Only residential real estate located  
18 in the unincorporated areas of the county shall be granted  
19 a tax exemption by the county board of supervisors.

20 The ordinance may be enacted not less than thirty days  
21 after a public hearing is held after notice in accordance  
22 with section 331.305 in the case of a county, or section 362.3  
23 in the case of a city. The ordinance shall designate the  
24 length of time the partial exemption shall be available,  
25 whether it applies to new construction, existing residences,  
26 or both, and whether it applies to first-time owners or any  
27 owner of the residence, and may provide for an exemption  
28 schedule in lieu of that provided in section 427B.21. However,  
29 an alternative exemption schedule adopted shall not provide  
30 for a larger tax exemption in a particular year than is  
31 provided for that year in the schedule contained in section  
32 427B.21.

33 Sec. 2. NEW SECTION. 427B.21 PERIOD OF PARTIAL EXEMPTION.  
34 The actual value added to residential real estate for the  
35 reasons specified in section 427B.20 is eligible to receive

1 a partial exemption from taxation for a period of five years.  
2 "Actual value added" as used in this division means the actual  
3 value added as of the first year for which the exemption is  
4 received. The amount of actual value added which is eligible  
5 to be exempt from taxation is:

6 a. For the first year, seventy-five percent.

7 b. For the second year, sixty percent.

8 c. For the third year, forty-five percent.

9 d. For the fourth year, thirty percent.

10 e. For the fifth year, fifteen percent.

11 This schedule shall be followed unless an alternative  
12 schedule is adopted by the city council of a city or the board  
13 of supervisors of a county in accordance with section 427B.20.

14 However, the granting of the exemption under this section  
15 for new construction constituting complete replacement of  
16 an existing building or structure shall not result in the  
17 assessed value of the residential real estate being reduced  
18 below the assessed value of the real estate before the start  
19 of the new construction added.

20 Sec. 3. NEW SECTION. 427B.22 APPLICATION FOR EXEMPTION  
21 BY PROPERTY OWNER. An application shall be filed for each  
22 project resulting in actual value added for which an exemption  
23 is claimed. The application for exemption shall be filed  
24 by the owner of the property with the local assessor by  
25 February 1 of the assessment year in which the value added  
26 is first assessed for taxation. Applications for exemption  
27 shall be made on forms prescribed by the director of revenue  
28 and shall contain information pertaining to the nature of  
29 the improvement, its cost, and other information deemed  
30 necessary by the director of revenue.

31 A person may submit a proposal to the city council of the  
32 city or the board of supervisors of the county to receive  
33 prior approval for eligibility for a tax exemption on new  
34 construction. The prior approval is also subject to the  
35 hearing requirements of section 427B.20. Prior approval does

1 not entitle the owner to exemption from taxation until the  
2 new construction has been completed and found to be qualified  
3 real estate. However, if the tax exemption for new  
4 construction is not approved, the person may submit an amended  
5 proposal to the city council or board of supervisors to approve  
6 or reject.

7 Sec. 4. NEW SECTION. 427B.23 EXEMPTION MAY BE REPEALED.

8 When in the opinion of the city council or the county board  
9 of supervisors continuation of the exemption granted by this  
10 division ceases to be of benefit to the city or county, the  
11 city council or the county board of supervisors may repeal  
12 the ordinance authorized by section 427B.20, but all existing  
13 exemptions shall continue until their expiration.

14 Sec. 5. NEW SECTION. 427B.24 DUAL EXEMPTIONS PROHIBITED.

15 A property tax exemption under this division shall not be  
16 granted if the property for which the exemption is claimed  
17 has received any other property tax exemption authorized by  
18 law.

19 Sec. 6. Sections 1 through 5 of this Act are enacted as  
20 a new division of chapter 427B.

21 EXPLANATION

22 The bill provides that a city council or the county board  
23 of supervisors may provide for the partial exemption from  
24 property taxation of the actual value added to residential  
25 real estate by the new construction of single-family residences  
26 or improvements to existing single-family residences. Single-  
27 family residence is a building or structure designed solely  
28 for the habitation of a single family and used for that purpose  
29 by the owner. New construction includes reconstruction of  
30 an existing building or structure if it constitutes complete  
31 replacement of that building or structure. The city council  
32 or the board of supervisors can limit the exemption to a  
33 residence which is the first residence owned by the owner  
34 in Iowa.

35 The bill provides a five-year exemption schedule which

1 is 75 percent of value added for the first year and decreases  
2 15 percent each year until the fifth and last year which is  
3 15 percent of value added. The city council or board of  
4 supervisors can provide for a different schedule but this  
5 schedule cannot provide for a greater exemption in any year  
6 than the one listed. A person must file for the exemption  
7 by February 1 of the assessment year in which the value added  
8 is first assessed for tax.

9 The bill takes effect July 1 following enactment.

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PROPOSED SENATE/HOUSE FILE \_\_\_\_\_

BY (ECONOMIC DEVELOPMENT AND  
JOBS TRAINING STUDY COMMITTEE  
BILL) (Voted out 12-22-83  
without recommendation)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the granting of tax credits to business  
2 firms which invest in programs providing community  
3 services, crime prevention, education and job training  
4 to individuals, or neighborhood assistance.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. SHORT TITLE. This Act may be  
2 cited as the "Iowa neighborhood assistance Act".

3 Sec. 2. NEW SECTION. DEFINITIONS. As used in this Act  
4 unless the context otherwise requires:

5 1. "Business firm" means a person, company, association  
6 or corporation subject to the state corporate income tax im-  
7 posed under section 422.33, a financial institution subject  
8 to the state franchise tax imposed under section 422.60, or  
9 an insurance company subject to the state gross premiums tax  
10 imposed under section 432.1.

11 2. "Community services" means counseling and advice,  
12 emergency assistance, or medical care furnished to individuals  
13 or groups in the state.

14 3. "Crime prevention" means an activity which aids in  
15 the reduction of crime in the state.

16 4. "Education" means scholastic instruction or scholarship  
17 assistance to an individual who resides in this state that  
18 enables the individual to be prepared for better opportunities.

19 5. "Job training" means instruction to an individual who  
20 resides in this state that enables the individual to acquire  
21 vocational skills which permit the individual to become em-  
22 ployable or to seek a higher grade of employment.

23 6. "Neighborhood assistance" means financial assistance,  
24 labor, materials, or technical advice which aids in the  
25 physical improvement or rehabilitation of all or part of a  
26 neighborhood area.

27 7. "Neighborhood organization" means an organization pro-  
28 viding community services in the state to which at least one  
29 of the following applies:

30 a. It holds a ruling from the internal revenue service  
31 of the United States department of the treasury that the or-  
32 ganization is exempt from income taxation under the Internal  
33 Revenue Code of 1954 as defined in section 422.4.

34 b. It is incorporated in the state as a corporation not  
35 for pecuniary profit under chapter 504 or 504A.

1 c. It is designated as a community development corpora-  
2 tion by the United States under Title VII of the Economic  
3 Opportunity Act of 1964.

4 8. "Director" means the director of the office for planning  
5 and programming.

6 9. "Community action agency" or "community action pro-  
7 gram" means as defined in section 7A.2.

8 10. "Tax year" means the twelve-month period used as the  
9 basis for taxing income or gross premiums received under sec-  
10 tion 422.33, 422.60, or 432.1.

11 Sec. 3. NEW SECTION. PROPOSALS FOR TAX CREDIT. A business  
12 firm which engaged in the activities of providing community  
13 services, crime prevention, education, job training, or  
14 neighborhood assistance in the state shall receive a tax  
15 credit as provided in section 4 of this Act if the director  
16 annually approves the proposal of the business firm. If a  
17 community action agency within the area where the business  
18 firm is engaging in the activities has adopted a community  
19 action program, the proposal shall not be approved unless  
20 it has the endorsement of the agency that the proposal is  
21 not inconsistent with the program. The proposal shall set  
22 forth the program to be conducted, the neighborhood area to  
23 be served, why the program is needed, the estimated amount  
24 to be invested in the program, and the plans for implementing  
25 the program. If the director determines that a business  
26 firm's investment can better serve the purposes of this Act  
27 through contributions to a neighborhood organization, this  
28 contribution can qualify for a tax credit.

29 The director shall adopt rules establishing criteria for  
30 evaluating proposals by business firms for approval or  
31 disapproval and establishing priorities for approval or dis-  
32 approval of the proposals with the assistance and approval  
33 of the director of revenue. The total amount of tax credits  
34 that may be granted for proposals approved under this section  
35 shall not exceed five million dollars in any state fiscal

1 year.

2     Sec. 4. NEW SECTION. TAX CREDITS.

3     1. The department of revenue shall grant a tax credit  
4 against the tax imposed under section 422.33, 422.60, or 432.1  
5 in an amount equal to fifty percent, but not in excess of  
6 two hundred fifty thousand dollars, of the total amount  
7 invested during the business firm's tax year in proposals ap-  
8 proved under section 3 of this Act. However, a tax credit  
9 of up to seventy percent, but not in excess of two hundred  
10 fifty thousand dollars, may be granted for investment in  
11 approved proposals where the activities fall within the scope  
12 of special program priorities as defined, with the approval  
13 of the governor, in rules adopted by the director. Rules  
14 establishing special program priorities are to be adopted  
15 during the first month of each fiscal year and at those times  
16 as the public interest dictates. A tax credit shall not be  
17 granted to a business firm for activities that are a part  
18 of its normal course of business. A tax credit not used for  
19 the tax year in which the investment was made may be carried  
20 forward to the next five tax years until the full credit has  
21 been used.

22     2. Notwithstanding the dollar limitation in subsection  
23 1 on the amount of the tax credit, the tax credit shall be  
24 an unlimited dollar amount if the community services, crime  
25 prevention, education, job training, or neighborhood assistance  
26 is rendered in an area defined by federal or state law as  
27 an impoverished, economically distressed, or blighted area  
28 or as a neighborhood experiencing problems endangering its  
29 existence as a viable and stable neighborhood or if the  
30 community services, crime prevention, education, job training,  
31 or neighborhood assistance is limited to impoverished  
32 individuals.

33     Sec. 5. NEW SECTION. DECISION OF DIRECTOR. The decision  
34 of the director to approve or disapprove a proposal under  
35 section 3 of this Act shall be in writing and if the director

1 approves the proposal, the director shall state the maximum  
2 credit allowable to the business firm in the writing. A copy  
3 of the decision shall be transmitted to the director of revenue  
4 and to the governor.

5 Sec. 6. This bill takes effect July 1 following enactment  
6 for tax years beginning on or after the effective date.

7 EXPLANATION

8 The bill provides for the granting of a tax credit to  
9 business firms subject to the state corporate tax, franchise  
10 tax, or gross premiums tax which invest in programs providing  
11 counseling and advice, emergency assistance, or medical care  
12 to individuals or groups; assistance to reduce crime;  
13 scholastic instruction or scholarship assistance to aid  
14 individuals in being prepared for better opportunities, to  
15 acquire vocational skills to become employed or to seek a  
16 higher grade of employment; or financial assistance, labor,  
17 materials, or technical advice which aids in the physical  
18 improvement or rehabilitation of all or part of a neighborhood  
19 area.

20 To receive this credit, a business firm must submit to  
21 the director of the office for planning and programming its  
22 proposal for investment which specifies the program to be  
23 conducted, the neighborhood area to be served, why the pro-  
24 gram is needed, the estimated amount to be invested, and the  
25 plans for implementing the program. The director shall ap-  
26 prove or disapprove the proposal based upon criteria and  
27 priorities established by the director in cooperation with  
28 the director of revenue. If the director approves the pro-  
29 posal, the director shall state the maximum amount of tax  
30 credit the business firm may be granted. The maximum amount  
31 of tax credits that may be granted for proposals approved  
32 by the director shall not exceed \$5,000,000 in any state  
33 fiscal year.

34 The amount of the tax credit is equal to 50 percent of  
35 the amount invested by the business firm or 70 percent of

1 that amount if the activities fall within the scope of special  
2 program priorities as defined in rules adopted by the direc-  
3 tor. There is a dollar limit on the amount of the tax credit  
4 of \$250,000. There is no dollar limit if the program is  
5 rendered in an area defined by federal or state law as an  
6 impoverished, economically distressed, or blighted area or  
7 as a neighborhood experiencing problems endangering its  
8 existence as a viable or stable area if the program is limited  
9 to impoverished individuals.

10 The bill takes effect July 1 following enactment for tax  
11 years beginning on or after the effective date.

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