

Iowa Incentives

High Quality Jobs Program

The High Quality Jobs program provides qualifying businesses with tax benefits and direct financial assistance to off-set some of the costs incurred to locate, expand or modernize an Iowa facility.

To qualify for this very flexible assistance package (that includes loans, tax credits, exemptions and/or refunds), a business must be a non-retail or non-service business meeting certain wage threshold requirements. Local government applies on behalf of the businesses.

Eligibility Requirements

- **Actual award amounts** will be based on:
 - The business' level of need
 - The quality of the jobs
 - The percentage of created or retained jobs defined as high-quality
 - The economic impact of the project
- **Created jobs** must pay at least 100 percent of the qualifying wage threshold at the start of the project and 120 percent of the qualifying wage threshold by project completion and through the project maintenance period.
- **Retained jobs** must pay at least 120 percent of the qualifying wage threshold throughout the project completion and maintenance periods.
- The business must provide a **sufficient benefits package** to all full-time employees that includes at least one of the following:
 - Business pays 80 percent of medical premiums for single coverage plans, OR
 - Business pays 50 percent of medical premiums for family coverage plans, OR
 - Business pays for some level of medical coverage and provides the monetary equivalent value through other employee benefits

Potential Tax Incentives

The following tax incentives may be available:

- A **local property tax** exemption of the value added to the property
- An **investment tax credit** equal to a percentage of the qualifying investment, amortized over five years
 - This tax credit is earned when the corresponding asset is placed in service and can be carried forward for up to seven additional years or until depleted, whichever occurs first.
- A **refund of state sales, service or use taxes** paid to contractors or subcontractors during construction
- For distribution center projects, a **refund of sales and use taxes** paid on racks, shelving and conveyor equipment



The state's refundable research activities credit may be increased while the business is participating in the program.

There is a maximum tax incentive award available to a business based on qualifying jobs, wages and investment.

New Jobs Tax Credit

The Iowa New Jobs Tax Credit is an Iowa corporate income tax credit available to a company that has entered into a New Jobs Training Agreement (260E) and expands their Iowa employment base by 10 percent or more.

The amount of this one-time tax credit will depend upon the wages a company pays and the year in which the tax credit is first claimed. The maximum tax credit in 2014 will be \$1,608 per new employee. Unused tax credits may be carried forward up to 10 years.

Iowa New Jobs Training Program

The Iowa New Jobs Training Program provides customized classroom instruction, on-the-job training and other training activities for employees in newly created jobs. The program includes:

- Screening, skills assessment and testing
- Travel for new employees to training anywhere in the world
- On-the-job training reimbursement of 50 percent of the new employees' wages and fringe benefits during the training period
- In-plant instruction by company instructors
- Costs of training facilities, equipment, materials and supplies

The amount per employee varies depending on the wage to be paid. Traditionally, the amount is approximately \$2,000 - \$2,500 per job.



Targeted Jobs Withholding Tax Credit Program

(For use within Council Bluffs city limits)

Enacted in 2006, this program allows Council Bluffs, a designated "targeted jobs city," to match employee personal income tax withholding funds paid by an employer.

THE GOAL: To create economic incentives that can be directed toward the growth and expansion of targeted businesses located within the targeted jobs city.

- ▶ Council Bluffs and other approved targeted jobs cities may enter into a withholding agreement with:
 - An out-of-state business that is locating to and creating targeted jobs within a targeted jobs city
 - An existing Iowa business that is creating 10 new targeted jobs or makes a qualifying investment of \$500,000 within the community

For purposes of this program, a targeted job is defined as a job with a business that is or will be located in a targeted jobs project city that pays a minimum wage equal to the county-wide average wage.

- ▶ A targeted jobs city is required to provide a \$1 match for every withholding dollar received. This match can be:
 - Provided by a private donor, the targeted jobs city, the employer or a combination of all three
 - In the form of cash or in-kind contributions to be used for the project

- ▶ The withholding agreement allows an amount of up to 3 percent of the gross wages paid by the business to be directed to the targeted jobs city on a quarterly basis.
- ▶ All designated withholding funds and those pledged by the targeted city are required to be used for a project related to the employer pursuant to the terms of the withholding agreement.

- A targeted jobs city must obtain approval of the project from the Iowa Economic Development Authority prior to the execution of any withholding agreement
- The withholding agreement may have a term of up to 10 years

Local Tax Abatement

Local tax abatement allows cities and counties to reduce local property taxes for companies improving industrial real estate. The maximum amount of actual value added at a new or expanded facility, which is eligible to be exempt from taxation, is shown on the table.

YEAR	MAXIMUM EXEMPTION
ONE	75%
TWO	60%
THREE	45%
FOUR	30%
FIVE	15%

Tax Increment Financing

Pottawattamie County has certain geographic areas that have been designated for tax increment financing projects, meaning your business could be eligible for public improvement financing that uses the additional or incremental taxes that the project will generate to help finance the cost of the project.

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