

Dayton, Iowa, and in the Fort Dodge Messenger, a newspaper published in Fort Dodge, Iowa.

Approved March 22, 1979

I hereby certify that the foregoing Act, Senate File 284, was published in The Dayton Review, Dayton, Iowa on March 28, 1979, and in the Fort Dodge Messenger, Fort Dodge, Iowa on March 27, 1979.

MELVIN D. SYNHORST, *Secretary of State*

CHAPTER 92
INTERNAL REVENUE CODE UPDATED

H. F. 139

AN ACT relating to the computation of individual and corporate income tax and the franchise tax by updating references to the internal revenue code and making the Act retroactive.

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

Section 1. Section four hundred twenty-two point four (422.4), subsection seventeen (17), Code 1979, is amended to read as follows:

17. "Internal Revenue Code of 1954" means the Internal Revenue Code of 1954, as amended to and including January 1, ~~1978~~ 1979.

Sec. 2. Section four hundred twenty-two point thirty-two (422.32), subsection four (4), Code 1979, is amended to read as follows:

4. "Internal Revenue Code of 1954" means the Internal Revenue Code of 1954, as amended to and including January 1, ~~1978~~ 1979.

Sec. 3. Section four hundred twenty-two point sixty-one (422.61), subsection four (4), Code 1979, is amended to read as follows:

4. "Net income" means the net income of the financial institution computed in accordance with section 422.35, with the exception that interest and dividends from federal securities shall not be subtracted and interest and dividends from evidences of indebtedness and securities of this state and its political subdivisions, exempt from federal income tax under the Internal Revenue Code of 1954 as amended to and including January 1, ~~1978~~ 1979, shall not be added.

Sec. 4. The provisions of this Act are retroactive to January 1, 1978 for tax years beginning on or after January 1, 1978 and to this extent the provisions of this Act are retroactive.

Sec. 5. This Act, being deemed of immediate importance, shall take effect from and after its publication in The Record, a newspaper published in Cedar

Falls, Iowa, and in the Telegraph Herald, a newspaper published in Dubuque, Iowa.

Approved February 28, 1979

I hereby certify that the foregoing Act, House File 139, was published in The Record, Cedar Falls, Iowa on March 13, 1979, and in the Telegraph Herald, Dubuque, Iowa on March 7, 1979.

MELVIN D. SYNHORST, *Secretary of State*

CHAPTER 93
STATE INCOME TAXES

S. F. 494

AN ACT relating to the state individual income tax by increasing the minimum filing requirements, increasing the standard deduction and the personal exemption credits, indexing the tax brackets and increasing and indexing certain exclusions from income, providing for an interim study of income tax indexation, and making certain provisions of the Act retroactive.

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

Section 1. Section four hundred twenty-two point four (422.4), Code 1979, is amended by adding the following new subsection:

NEW SUBSECTION.

a. "Annual inflation factor" means an index, expressed as a percentage, determined by the department each year to reflect the purchasing power of the dollar as a result of inflation or deflation during the preceding calendar year. In determining the annual inflation factor, the department shall use the annual percent change in the consumer price index produced by the bureau of labor statistics of the United States department of labor and shall add one-fourth for the 1979 calendar year and two-fourths for the 1980 calendar year of that percent change to one hundred percent, except that the amount of the percent change added to the one hundred percent shall not exceed the greater of zero or the difference between the percent change and three percent. The annual inflation factor and the cumulative inflation factor shall each be expressed as a percentage rounded to the nearest one-tenth of one percent.

b. "Cumulative inflation factor" means the product of the annual inflation factor for the 1978 calendar year and all annual inflation factors for subsequent calendar years as determined pursuant to this subsection. The cumulative inflation factor shall apply to all tax years beginning on or after January first of the calendar year in which the latest annual inflation factor has been determined.

c. The annual inflation factor for the 1978 calendar year is one hundred percent.