

CHAPTER 1129  
INDEXING INCOME TAX

S. F. 2247

AN ACT relating to the indexing of the state individual income tax.

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

Section 1. Acts of the Sixty-eighth General Assembly, 1979 Session, chapter ninety-three (93), section one (1), is amended to read as follows:

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. For the 1981 calendar year, "annual inflation factor" means an index, expressed as a percentage, determined by the department by October fifteenth of the calendar year preceding the calendar year for which the factor is determined to reflect the purchasing power of the dollar as a result of inflation during the fiscal year ending in the calendar year preceding the calendar year for which the factor is determined. In determining the annual inflation factor, the department shall use the annual percent change, but not less than zero percent, in the consumer-price-index-produced-by-the-bureau-of-labor--statistics implicit price deflator for the gross national product computed for the whole calendar year or for the second quarter of the calendar year, in the case of the annual inflation factor for the 1981 calendar year, by the bureau of economic analysis of the United States department of labor commerce and shall add one-fourth-for-the-1979-calendar-year-and two-fourths for the 1980 and 1981 calendar year years 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 for the 1979 calendar year is one hundred two point 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. The annual inflation factor shall not be less than one hundred 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~~ applies to all tax years beginning on or after January first of the calendar year ~~in~~ for which the latest annual inflation factor has been determined. For calendar years beginning on or after January 1, 1982, the cumulative inflation factor shall be one hundred percent.

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

~~d. The annual inflation factor and the cumulative inflation factor shall only be computed for the 1979 and 1980 calendar years.~~

e d. Notwithstanding the computation of the annual inflation factor under paragraph a of this subsection, the annual inflation factor is one hundred percent for any calendar year in which the unobligated state general fund balance on June thirtieth as certified by the state comptroller by September tenth of the fiscal year beginning in that calendar year is less than sixty million dollars. However, for the 1981 calendar year, the annual inflation factor is one hundred percent for any calendar year if the unobligated state general fund balance on June thirtieth of the calendar year preceding the calendar year for which the factor is determined, as certified by the state comptroller by October tenth, is less than sixty million dollars.

Sec. 2. Acts of the Sixty-eighth General Assembly, 1979 Session, chapter ninety-three (93), section four (4), is amended to read as follows:

SEC. 4. Section four hundred twenty-two point five (422.5), Code 1979, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Upon determination of the latest cumulative inflation factor, the director of revenue shall multiply each dollar amount set forth in subsections 1 through 13 of this section and each dollar amount specified in unnumbered paragraph 6 of this section as the maximum amount of annuities received which may be excluded in determining final taxable income by this cumulative inflation factor, shall round off the resulting product to the nearest one dollar and incorporate the result into the income tax forms and instructions for each tax year. ~~The director shall not alter the dollar amounts specified in subsections 1 through 13 of this section for any tax year beginning on or after January 1, 1981. However, the resulting product shall not reduce the dollar amounts set forth in subsections 1 through 13 and unnumbered paragraph 6 of section 422.5 below those specified on January 1, 1979.~~

Sec. 3. Acts of the Sixty-eighth General Assembly, 1979 Session, chapter ninety-three (93), section eight (8), is amended to read as follows:

SEC. 8. Section four hundred twenty-two point twenty-one (422.21), Code 1979, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The director shall determine for the 1979 and 1980 subsequent calendar years the annual and cumulative inflation factors for those calendar years to be applied to tax years beginning on or after January first of that calendar year. The director shall compute the new dollar amounts as specified therein to be adjusted in section 422.5 by the latest cumulative inflation factor and round off the result to the nearest one dollar. ~~The director shall not compute new dollar amounts specified in subsections 1 through 13 of section 422.5 for any tax year beginning on or after January 1, 1981.~~ The annual and cumulative inflation factors determined by the director are not rules as defined in section 17A.2, subsection 7.

Sec. 4. This Act is retroactive to January 1, 1980 for tax years beginning on or after January 1, 1980 and to this extent is retroactive.

Approved May 21, 1980

CHAPTER 1130  
INTERNAL REVENUE CODE UPDATE

H. F. 2470

AN ACT updating references to the internal revenue code for purposes of computing individual and corporate income taxes and franchise taxes 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, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter ninety-two (92), section one (1), and as the section is amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter ninety-three (93), section one (1), 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, ~~1979~~ 1980.

Sec. 2. Section four hundred twenty-two point seven (422.7), subsection nine (9), Code 1979, is amended to read as follows:

9. Subtract the amount of the new work incentive programs credit allowable for the taxable year under section forty (40) or the jobs tax credit allowable for the tax year under section 44B of the Internal Revenue Code of 1954 to the extent that the credit increased federal adjusted gross income.

Sec. 3. Section four hundred twenty-two point seven (422.7), Code 1979, is amended by adding the following new subsection:

NEW SUBSECTION. Married taxpayers, who file a joint federal income tax return and who elect to file separate returns or separate filing on a combined return for state income tax purposes, shall include in net income any unemployment compensation benefits received subject to the limitations for joint federal income tax return filers provided in section eighty-five (85) of the Internal Revenue Code of 1954.

Sec. 4. Section four hundred twenty-two point nine (422.9), subsection two (2), paragraph e, Code 1979, as the section is amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter ninety-three (93), section five (5), is amended by striking the paragraph.

Sec. 5. Section four hundred twenty-two point nine (422.9), subsection three (3), paragraph c, Code 1979, as the section is amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter ninety-three (93), section five (5), is amended to read as follows: