

CHAPTER 1134  
FINANCIAL INSTITUTION FRANCHISE TAX  
S. F. 500

AN ACT relating to the franchise tax on financial institutions, its imposition and rates, the definition of net income, providing a corresponding adjustment in interest rates for government bonds 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 sixty (422.60), Code 1979, is amended to read as follows:

422.60 IMPOSITION OF TAX. A franchise tax according to and measured by net income is hereby imposed on financial institutions for the privilege of doing business in this state as financial institutions.

Sec. 2.\* Section four hundred twenty-two point sixty-one (422.61), subsection four (4), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter ninety-two (92), section three (3), 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--17--1979, no federal income taxes paid or accrued shall be subtracted, and notwithstanding the provisions of sections two hundred sixty-two point forty-one (262.41) and two hundred sixty-two point fifty-one (262.51) or any other provisions of the law, income from obligations of the state and its political subdivisions and any amount of franchise taxes paid or accrued under this division during the taxable year shall not be added.~~

Sec. 3. Section four hundred twenty-two point sixty-three (422.63), Code 1979, is amended by striking the section and inserting in lieu thereof the following:

422.63 AMOUNT OF TAX. The franchise tax is imposed annually in an amount equal to five percent of the net income received or accrued during the taxable year. If the net income of the financial institution is derived from its business carried on entirely within the state, the tax shall be imposed on the entire net income, but if the business is carried on partly within and partly without the state, the portion of net income reasonably attributable to the business within the state shall be specifically allocated or equitably apportioned within and without the state under rules of the director.

Sec. 4. Franchise taxes voluntarily paid shall not be refunded to the extent that the refund claim is based upon an alleged mistake of law

\*See ch 1012, §50 herein

regarding the validity or legality under the laws or Constitution of the United States, of the tax imposed by this division. This section prevails over any other statutes authorizing franchise tax refunds.

Sec. 5. The provisions of sections one (1), two (2) and three (3) of this Act are applicable to taxable years beginning on or after January 1, 1980, and to this extent are retroactive. To the extent that the enactment of this Act requires the filing of an amended franchise tax return by a financial institution for a taxable year beginning in 1980, no interest or penalty shall accrue because of an additional tax due by reason of the provisions of this Act, if the amended return is filed within sixty days of the effective date of this Act.

Sec. 6.\* NEW SECTION. TEMPORARY RATES.

1. Notwithstanding the interest rate or interest-rate limitation specified in a provision of the Code referred to in subsection two (2) of this section, the interest rate or interest-rate limitation in effect in a provision of the Code referred to in subsection two (2) of this section is a rate of interest which is equal to the sum of the rate actually specified in that provision plus three percentage points, except that if the bond issue voted at an election or approved by the governing body of a political subdivision is for an amount equal to five million dollars or more, then the provisions of this subsection and subsection two (2) of this section shall not be applicable and those bonds when sold under any of the sections enumerated in subsection two (2) of this section shall not be subject to any interest rate limitations.

2. Subsection one (1) of this section applies to the following sections of the Code: Section nineteen point eight (19.8), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter twenty-four (24), section one (1); section twenty-eight F point eight (28F.8), and section thirty-seven point six (37.6), Code 1979; section thirty-seven point twenty-eight (37.28), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter twenty-four (24), section two (2); section seventy-four point two (74.2), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter twenty-four (24), section three (3); section seventy-five point twelve (75.12), subsections one (1), two (2) and three (3), section one hundred eleven A point six (111A.6), unnumbered paragraph two (2), section one hundred forty-five A point seventeen (145A.17), and section two hundred two point five (202.5), Code 1979; section two hundred two point six (202.6), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter twenty-four (24), section four (4); section two hundred eighty A point twenty-two (280A.22), unnumbered paragraph two (2), section two hundred ninety-six point one (296.1), section two hundred ninety-eight point twenty-two (298.22), unnumbered paragraph one (1), section three hundred two point twelve (302.12), section three hundred nine point forty-seven (309.47), subsection four (4) and section three hundred nine point seventy-three (309.73), unnumbered paragraph three (3), Code 1979; section three hundred eleven point sixteen (311.16), unnumbered paragraph two (2), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter sixty-eight (68),

\*This section is superseded by 68GA, ch 1025, §80

section one (1); section three hundred eleven point seventeen (311.17), unnumbered paragraph one (1), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter sixty-eight (68), section two (2); section three hundred eleven point twenty-eight (311.28), section three hundred thirty point seven (330.7), unnumbered paragraph five (5), section three hundred thirty point fourteen (330.14), section three hundred thirty point sixteen (330.16), unnumbered paragraph two (2), section three hundred thirty A point nine (330A.9), subsection one (1), section three hundred thirty-two point forty-four (332.44), subsection eight (8), unnumbered paragraph two (2), section three hundred forty-five point sixteen (345.16), section three hundred forty-six point three (346.3), unnumbered paragraph one (1), section three hundred forty-six point twenty-three (346.23), unnumbered paragraph two (2), section three hundred forty-six point twenty-six (346.26), subsection three (3), section three hundred forty-six point twenty-seven (346.27), subsection fourteen (14), section three hundred forty-six A point three (346A.3), unnumbered paragraph two (2), section three hundred forty-seven point five (347.5), section three hundred forty-seven point twenty-seven (347.27), unnumbered paragraphs one (1) and three (3), section three hundred forty-seven A point two (347A.2), section three hundred forty-seven A point seven (347A.7), unnumbered paragraph one (1), section three hundred fifty-seven point twenty (357.20), section three hundred fifty-seven A point eleven (357A.11), subsection eight (8), section three hundred fifty-seven B point four (357B.4), section three hundred fifty-seven C point ten (357C.10), section three hundred eighty-five point twenty-one (385.21), unnumbered paragraph four (4), section three hundred fifty-nine point forty-five (359.45), section three hundred eighty-four point fifty-seven (384.57), section three hundred eighty-four point sixty (384.60), subsections three (3) and five (5), section three hundred eighty-four point sixty-eight (384.68), subsection two (2), section three hundred eighty-four point eighty-three (384.83), subsection six (6), section three hundred eighty-six point twelve (386.12), subsection four (4), section three hundred ninety-four point one (394.1), unnumbered paragraph two (2), section four hundred three point nine (403.9), subsection three (3), and section four hundred three A point thirteen (403A.13), unnumbered paragraph one (1), Code 1979; section four hundred fifty-four point twenty (454.20), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter twenty-four (24), section five (5); and section four hundred fifty-five point sixty-four (455.64), subsections one (1) and two (2), section four hundred fifty-five point seventy-seven (455.77), unnumbered paragraph one (1), section four hundred fifty-five point seventy-nine (455.79), section four hundred fifty-five point eighty-three (455.83), section four hundred fifty-five point one hundred seventy-five (455.175), section four hundred fifty-five point one hundred ninety-eight (455.198), section four hundred fifty-five point two hundred thirteen (455.213), section four hundred sixty-one point fourteen (461.14), and section four hundred sixty-three point ten (463.10), Code 1979.

3. Notwithstanding the interest-rate limitation specified in sections four hundred sixty point seven (460.7), four hundred sixty-seven A point thirty-three (467A.33), unnumbered paragraph one (1), and four hundred sixty-

seven A point thirty-five (467A.35), subsections one (1) and two (2), Code 1979, the interest-rate limitation which is in effect under each one of those provisions is a rate of interest equal to the sum of the rate of interest actually specified plus four percentage points.

4. Bonds sold on or after the effective date of this Act to finance an improvement for which a final assessment schedule was adopted prior to the effective date of this Act may bear a rate of interest not to exceed ten percent per annum, and section seventy-five point eleven (75.11) of the Code and any other similar statutory restriction does not apply to these bonds.

Sec. 7. This Act, being deemed of immediate importance, shall take effect from and after its publication in the Muscatine Journal, a newspaper published in Muscatine, Iowa, and in the Carroll Daily Times-Herald, a newspaper published in Carroll, Iowa.

Approved March 28, 1980

I hereby certify that the foregoing Act, Senate File 500, was published in the Muscatine Journal, Muscatine, Iowa on April 8, 1980 and republished on April 12, 1980, and in the Carroll Daily Times-Herald, Carroll, Iowa on April 2, 1980.

MELVIN D. SYNHORST, *Secretary of State*

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## CHAPTER 1135

### INCOME TAX INFORMATION TO FISCAL BUREAU

S. F. 2373

AN ACT authorizing the legislative fiscal bureau to obtain individual income tax information from the department of revenue for statistical purposes.

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

Section 1. Section four hundred twenty-two point seventy-two (422.72), subsection one (1), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter ninety-four (94), section two (2), is amended to read as follows:

1. It ~~shall be~~ is unlawful for the director, or any person having an administrative duty under this chapter, or any present or former officer or other employee of the state authorized by the director to examine returns, to divulge or to make known in any manner whatever, the business affairs, operations, or information obtained by an investigation under this chapter of records and equipment of any person or corporation visited or examined in the discharge of official duty, or the amount or source of income, profits, losses, expenditures or any particular thereof, set forth or disclosed in any return, or to permit any return or copy thereof or any book containing any abstract or particulars thereof to be seen or examined by any person except as provided by law. However, the director may authorize examination of ~~such~~ state returns and other state information which is confidential under this