

CHAPTER 285**INCOME, FRANCHISE, AND INHERITANCE TAXES***S.F. 186*

AN ACT relating to the updating of the reference to the internal revenue code and treatment of payments to individuals of Japanese ancestry, providing minimum tax credits, relating to the franchise tax and providing refund provisions for certain income and inheritance tax payments, and providing applicability and effective dates.

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

Section 1. NEW SECTION. 217.38 RESTITUTION TO INDIVIDUALS OF JAPANESE ANCESTRY.

Notwithstanding any other law of this state, payments paid to an eligible individual of Japanese ancestry under section 105 of the Civil Liberties Act of 1988, Pub. L. 100-383, Title I, shall not be considered as income or an asset for determining the eligibility for state or local government benefit or entitlement programs. The proceeds are not subject to recoupment for the receipt of governmental benefits or entitlements and liens, except liens for child support, are not enforceable against these sums for any reason.

Sec. 2. Section 422.3, subsection 5, Code 1989, is amended to read as follows:

5. "Internal Revenue Code" means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended to and including January 1, ~~1988~~ 1989, whichever is applicable.

Sec. 3. Section 422.7, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 19. Subtract, to the extent included, the amounts paid to an eligible individual under section 105 of the Civil Liberties Act of 1988, Pub. L. 100-383, Title I, as satisfaction for a claim against the United States arising out of the confinement, holding in custody, relocation, or other deprivation of liberty or property of an individual of Japanese ancestry.

Sec. 4. NEW SECTION. 422.11B MINIMUM TAX CREDIT.

1. There is allowed as a credit against the tax determined in section 422.5, subsection 1, paragraphs "a" through "j" for a tax year an amount equal to the minimum tax credit for that tax year.

The minimum tax credit for a tax year is the excess, if any, of the adjusted net minimum tax imposed for all prior tax years beginning on or after January 1, 1987, over the amount allowable as a credit under this section for those prior tax years.

2. The allowable credit under subsection 1 for a tax year shall not exceed the excess, if any, of the tax determined in section 422.5, subsection 1, paragraphs "a" through "j" over the state alternative minimum tax as determined in section 422.5, subsection 1, paragraph "k".

The net minimum tax for a tax year is the excess, if any, of the tax determined in section 422.5, subsection 1, paragraph "k" for the tax year over the tax determined in section 422.5, subsection 1, paragraphs "a" through "j" for the tax year.

The adjusted net minimum tax for a tax year is the net minimum tax for the tax year reduced by the amount which would be the net minimum tax if the only item of tax preference taken into account was that described in paragraph (6) of section 57(a) of the Internal Revenue Code.

Sec. 5. Section 422.33, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 9. a. There is allowed as a credit against the tax determined in subsection 1 for a tax year an amount equal to the minimum tax credit for that tax year.

The minimum tax credit for a tax year is the excess, if any, of the adjusted net minimum tax imposed for all prior tax years beginning on or after January 1, 1987, over the amount allowable as a credit under this subsection for those prior tax years.

b. The allowable credit under paragraph "a" for a tax year shall not exceed the excess, if any, of the tax determined in subsection 1 over the state alternative minimum tax as determined in subsection 4.

The net minimum tax for a tax year is the excess, if any, of the tax determined in subsection 4 for the tax year over the tax determined in subsection 1 for the tax year.

The adjusted net minimum tax for a tax year is the net minimum tax for the tax year reduced by the amount which would be the net minimum tax if the only item of tax preference taken into account was that described in paragraph (6) of section 57(a) of the Internal Revenue Code.

Sec. 6. Section 422.60, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 3. a. There is allowed as a credit against the tax determined in section 422.63 for a tax year an amount equal to the minimum tax credit for that tax year.

The minimum tax credit for a tax year is the excess, if any, of the adjusted net minimum tax imposed for all prior tax years beginning on or after January 1, 1987, over the amount allowable as a credit under this subsection for those prior tax years.

b. The allowable credit under paragraph "a" for a tax year shall not exceed the excess, if any, of the tax determined in section 422.63 over the state alternative minimum tax as determined in subsection 2.

The net minimum tax for a tax year is the excess, if any, of the tax determined in subsection 2 for the tax year over the tax determined in section 422.63 for the tax year.

The adjusted net minimum tax for a tax year is the net minimum tax for the tax year reduced by the amount which would be the net minimum tax if the only item of tax preference taken into account was that described in paragraph (6) of section 57(a) of the Internal Revenue Code.

Sec. 7. Section 422.61, subsection 1, Code 1989, is amended to read as follows:

1. "Financial institution" means a state bank as defined in section 524.103, subsection 19, a state bank chartered under the laws of any other state, a national banking association ~~having its principal office within this state~~, a trust company, a federally chartered savings and loan association, an out-of-state state chartered savings bank, a financial institution chartered by the federal home loan bank board, a non-Iowa chartered savings and loan association, an association incorporated or authorized to do business under chapter 534, or a production credit association.

Sec. 8. Section 422.73, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 7. Notwithstanding subsection 2, a claim for credit or refund of the income tax paid is considered timely if the claim is filed with the department on or before November 10, 1989, if the taxpayer's federal income tax was forgiven under section 170(m) of the Internal Revenue Code because eighty percent of the taxpayer's payment to a college or university was allowed as a charitable contribution since the payment entitled the taxpayer to purchase tickets to an athletic event of the college or university. To the extent the federal income tax was forgiven for the tax year under section 170(m) of the Internal Revenue Code, the Iowa income tax is also forgiven.

Sec. 9. Section 450.94, Code 1989, is amended by adding the following new subsections:

NEW SUBSECTION. 6. Notwithstanding the periods of limitation for filing a claim for refund in subsection 3, with respect to estates of decedents dying on or after July 1, 1982, a qualified heir who has paid an additional inheritance tax under section 450B.3 by reason of the cessation of the qualified use due to cash rent of the special use property by the surviving spouse, shall have until November 10, 1989, to file a claim for refund of the additional inheritance tax paid.

NEW SUBSECTION. 7. Notwithstanding the periods of limitations for filing a claim for refund in subsection 3, estates of decedents dying on or after July 1, 1985, which have elected to treat qualified terminable interest property as passing to the surviving spouse in fee, shall have until November 10, 1990, to make the election allowed under section 6152(c)(3) of the Technical and Miscellaneous Revenue Act of 1988 for joint and survivor annuities.

Sec. 10. Sections 1 and 3* of this Act are retroactive to January 1, 1988, for tax years beginning on or after that date.

Sec. 11. Sections 4, 5, and 6 of this Act apply retroactively to January 1, 1987, for tax years beginning on or after that date.

Sec. 12. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved June 1, 1989

CHAPTER 286

ABANDONED WELLS

S.F. 441

AN ACT relating to the plugging of abandoned wells, by providing assistance to well owners, providing for well inspection and certification, providing for fees, making a civil penalty applicable, providing an effective date, and providing for repeal of a portion of the Act.

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

Section 1. Section 455B.190, Code 1989, is amended to read as follows:

455B.190 ABANDONED WELLS PROPERLY PLUGGED.

1. As used in this section:

a. "Class 1 well" means a well one hundred feet or less in depth and eighteen inches or more in diameter.

b. "Class 2 well" means a well more than one hundred feet in depth or less than eighteen inches in diameter or a bedrock well.

c. "Class 3 well" means a sandpoint well or a well fifty feet or less in depth constructed by joining a screened drive point with lengths of pipe and driving the assembly into a shallow sand and gravel aquifer.

d. "Department" means the department of natural resources.

e. "Designated agent" means a person other than the state, designated by a county board of supervisors to review and confirm that a well has been properly plugged.

f. "Filling materials" means agricultural lime. Filling materials may also include other materials, including soil, sand, gravel, crushed stone, and pea gravel as approved by the department.

g. "Owner" means the titleholder of the land where a well is located.

h. "Plug" means the closure of an abandoned well with plugging materials which will permanently seal the well from contamination by surface drainage, or permanently seal off the well from contamination into an aquifer.

i. "Plugging materials" means filling and sealing materials.

j. "Sealing materials" means bentonite. Sealing materials may also include neat cement, sand cement grout, or concrete as approved by the department.

k. "Well" means an abandoned well as defined in section 455B.171.

2. All abandoned wells, as defined in section 455B.171, shall be properly plugged in accordance with the schedule established by the department. The department shall develop a prioritized closure program and a time frame for the completion of the program and shall adopt rules to implement the program. The schedule established by the department shall provide that to the fullest extent technically and economically feasible, all wells shall be properly plugged not later than July 1, 2000.

3. Wells shall be plugged as follows:

*Sections 1, 2, and 3 probably intended