

Ways and Means.

February 14, 1933.

Senate File No. 263.

By BEARDSLEY.

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*Amended for committee
as above to* *Sub for. S. 7263 follows.*

A BILL FOR

An Act relating to revenue and taxation; providing for public revenue and equalizing taxation; imposing a sales tax on retail merchants, a personal net income tax upon individuals, and a franchise tax upon business concerns, as defined in this Act; providing for the collection of such taxes; the distribution and use of the revenue derived therefrom; the administration of said law, fixing fines and penalties for the violation of this Act; declaring an emergency to exist, and repealing all laws in conflict with the provisions of this Act.

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

PART ONE—RETAIL SALES TAX

1 Section 1. Every retail merchant, as hereinafter defined,
2 shall pay a quarterly sales tax for the right and privilege
3 of opening, establishing, operating and maintaining any store,
4 or stores, as hereinafter defined, determined by computing
5 the tax on the amount of gross sales made quarterly, as follows:

6 (a) On the first fifty thousand dollars of gross sales,
7 or any part thereof in excess of three thousand dollars, one-
8 half ($\frac{1}{2}$) of one (1) per cent.

9 (b) On the second fifty thousand dollars of gross sales,
10 or any part thereof, three-fourths ($\frac{3}{4}$) of one (1) per cent.

11 (c) On the third, fourth and fifth fifty thousand dollars
12 of gross sales, or any part thereof, one (1) per cent.

13 (d) On the second two hundred and fifty thousand dollars
14 of gross sales, or any part thereof, five-fourths ($\frac{5}{4}$) of
15 one (1) per cent.

16 (e) On the third two hundred fifty thousand dollars
17 of gross sales, or any part thereof, six-fourths (6/4) of
18 one per cent (1%).

19 (f) On the fourth two hundred fifty thousand dollars
20 of gross sales, or any part thereof, seven-fourths (7/4) of
21 one per cent (1%).

22 (g) On all gross sales in excess of one million dollars
23 eight-fourths (8/4) of one per cent (1%).

24 The sales tax imposed by this Act shall be paid in four
25 installments, each covering the business for the last preced-
26 ing three months. The calendar year shall be divided into
27 four equal taxpaying periods of three months each, and the
28 tax for each period shall be due and payable within thirty
29 days from the close of the period for which the tax is collected.

1 Sec. 2. Every retail merchant, as hereinafter defined,
2 in order to ascertain the amount of taxes due and payable under
3 section 1 of this Act, shall file with the State Board of
4 Assessment and Review, within thirty days from the close of
5 each quarterly period for which such tax is due, a written
6 report verified by the affidavit of the owner or chief
7 officer on such forms as it may prescribe, giving the name,
8 number and location of its store or stores, as hereinafter
9 defined, the name and post office address of its owner or
10 principal officer, the name and address of its officer or
11 agent in charge of its business at each separate store, the
12 nature and kind of business; the total gross sales of all

13 kinds during the preceding quarterly period, and such other
14 facts bearing on the matter of taxation as the State Board of
15 Assessment and Review require. Along with such report, the
16 retail merchant shall remit to the Board of Assessment and
17 Review the total tax due thereon as herein and hereby imposed.

18 The State Board of Assessment and Review may, in any case,
19 require such additional information as it may deem necessary
20 to enable it to perform its duties herein. It shall be the
21 duty of the State Board of Assessment and Review from such
22 quarterly reports, and from such additional information as it
23 may obtain, to ascertain the amount of taxes due for the
24 preceding three months, based upon such reports and information
25 as it may ascertain, and to collect the same from every such
26 retail merchant.

PART TWO—FRANCHISE TAX

1 Sec. 3. From and after the thirtieth day of June, 1933,
2 all "business concerns", as hereinafter defined, shall pay
3 to the State Board of Assessment and Review, for the exclusive
4 use of the State of Iowa and each and all of its several
5 school districts, in consideration for the privilege of
6 carrying on its business, in whole or in part, in the State
7 of Iowa, as a gainful pursuit, business and/or vocation,
8 either for itself, or as broker, factor, or commission
9 merchant, a franchise or privilege tax, based on the volume
10 of its business, and at the respective rates as hereinafter
11 provided:

12 The tax herein provided shall be paid quarterly and the
13 amount thereof for each such business concern shall be
14 determined by multiplying the gross income, or value, as
15 hereinafter defined, of its business transacted during the
16 last preceding three months, at the respective rates
17 hereinafter set forth.

18 (a) For each business concern engaging or continuing
19 within this state in the business of mining and producing
20 for sale, profit or use, any coal, limestone, sand or other
21 mineral product, or felling trees and producing timber for
22 sale, profit or use, the amount of such tax to be equal to
23 the value of the articles produced as shown by the gross
24 proceeds derived from the sale thereof by the producer
25 (except as hereinafter provided) multiplied by the respective
26 rates as follows: coal, eighty-four one hundredths ($84/100$)
27 of one (1) per cent; limestone, sand or other mineral product,
28 ninety one hundredths ($90/100$) of one (1) per cent; timber,
29 ninety one hundredths ($90/100$) of one (1) per cent. The
30 measure of this tax is the value of the entire production in
31 this state, regardless of the place of sale or the fact that
32 deliveries may be made to points outside the state.

33 (b) For each business concern engaging or continuing
34 within this state in the business of manufacturing, compounding,
35 or preparing for sale, profit, or use, any article, or articles,
36 substance, or substances, commodity, or commodities, the
37 amount of such tax to be equal to the value of the articles

38 manufactured, compounded, or prepared for sale, as shown by
39 the gross proceeds derived from the sale thereof by the
40 manufacturer or person compounding or preparing the same
41 (except as hereinafter provided) multiplied by a rate of
42 twenty-one one hundredths ($21/100$) of one per cent. Where a
43 part of the product so manufactured, compounded or prepared
44 for sale, profit or use is sold outside the State of Iowa,
45 then that portion of such sales which shall be covered by
46 this tax shall be the percentage which the total receipts
47 from such products sold and delivered within the State,
48 including deliveries to a common carrier for transportation
49 outside of the State, bears to the total gross receipts from
50 all such manufactured products so sold and delivered by the
51 business concern during such taxing period.

52 If any person liable for any tax under sections (a)
53 or (b) shall ship or transport his products, or any part
54 thereof, out of the state without making sale of such products,
55 the value of the products or articles in the condition or form in
56 which they existed when transported out of the state shall be
57 the basis of calculation for the assessment of the tax
58 imposed in said paragraphs; and the State Board of Assessment
59 and Review shall prescribe equitable and uniform rules for
60 ascertaining such value.

61 In determining value, however, as regards sales from
62 one to another of affiliated companies, or persons, or
63 under other circumstances where the relation between the

64 buyer and seller is such that the gross proceeds from the
65 sale are not indicative of the true value of the subject
66 matter of the sale, the State Board of Assessment and
67 Review shall prescribe uniform and equitable rules for
68 determining the value upon which such privilege tax shall
69 be levied, corresponding as nearly as possible to the gross
70 proceeds from the sale of similar products of like quality
71 or character by the other taxpayers where no common interest
72 exists between the buyer and seller, but otherwise under
73 similar circumstances and conditions.

74 (c) Each business concern engaging or continuing within
75 this state in the business of selling any tangible property
76 whatsoever, real or personal, there is likewise hereby levied,
77 and shall be collected, a tax equivalent to forty one hundredths
78 (40/100) of one (1) per cent of the gross income of the business;
79 provided, however, that in the case of a wholesaler or jobber,
80 the tax shall be equal to ten one hundredths (10/100) of one
81 per cent of the gross income of the business, and provided,
82 further, that the tax imposed under Part Two of this Act shall
83 not apply to taxpayers who are taxable as retail merchants
84 under Part One hereof. The classification of wholesaler or
85 jobber shall be used only by any person doing a regularly
86 organized jobbing business, known to the trade as such, and
87 having regularly in his exclusive employment one or more
88 traveling salesmen.

89 (d) Upon persons engaging or continuing within this

90 state in their respective businesses, there is likewise
91 hereby levied and shall be collected, taxes on account of
92 the business engaged in equal to the gross income of the
93 business multiplied by the respective rates as follows:
94 banks, sixty one hundredths ($60/100$) of one per cent;
95 street railroads, eighty one hundredths ($80/100$) of one
96 per cent; other public service companies or utilities
97 eighty one hundredths ($80/100$) of one per cent; telephone,
98 telegraph, express, electric light and power companies,
99 one hundred and twenty one hundredths ($120/100$) of one
100 per cent; companies operating pipe lines carrying oil or
101 gas, two hundred one hundredths ($200/100$) of one per cent;
102 railroads, two hundred one hundredths ($200/100$) of one per
103 cent.

104 The term "public service companies or utilities", as
105 used in this section, shall include every other individual
106 or individuals, co-partnerships, corporation, joint stock
107 company, syndicate or association engaged in any business
108 whose property is dedicated to the public use, or whose
109 charges or rates for the furnishing of its products or
110 service is or may be subject to regulation by the State of
111 Iowa.

112 The term "gross income" of a railroad corporation,
113 railway corporation, street railway corporation, bus line,
114 motor freight carrier, telegraph and telephone company,
115 freight line and equipment company, sleeping car company,

116 express company, electric transmission line, pipe line
117 company, private car lines, and other common carriers, is
118 hereby declared and shall be construed to mean all income
119 from business beginning and ending within this state, and a
120 proportion based upon the proportion of the mileage within
121 this state to the entire mileage over which such business is
122 done of income on all interstate business passing through,
123 into, or out of this state.

124 (e) Upon every business concern engaging or continuing
125 within this state in the business of contracting and
126 building, the tax shall be equal to sixty one hundredths
127 (60/100) of one per cent of the gross income of the business.

128 (f) Upon every person engaging or continuing within
129 this state in the business of operating a theatre, opera
130 house, moving picture show, vaudeville, amusement park,
131 dance hall, skating rink, race track, or any other place
132 at which amusements are offered the public, the tax shall be
133 equal to two (2) per cent of the gross income of any such
134 business.

135 (g) Upon every person engaging or continuing within
136 this state in any business not included in the preceding
137 sections, there is likewise hereby levied, and shall be
138 collected a tax equal to sixty one hundredths (60/100) of
139 one per cent of the gross income of any such business.

140 (h) For each domestic insurance company or association
141 doing business in this State the tax shall be forty one

142 hundredths (40/100) of one per cent of the gross premiums
143 received from residents of Iowa, less dividends paid in
144 cash or applied toward payment of premiums, and less
145 reinsurance premiums paid to licensed companies.

146 Nothing herein contained shall be construed so as to
147 require the use of any gross income in the measure of the
148 tax levied under subdivisions c, d, e, f, and g, of section
149 three of this Act that has been included in the measure of
150 the tax levied under the preceding sections hereof.

151 All persons exercising any rights or privileges taxable
152 under subdivisions a, b, c, d, e, f, or g, and who produce
153 minerals or timber the production of which is taxable
154 under subdivision "a" and use or consume same in their
155 business, shall be deemed to be engaged in the business
156 of mining and producing minerals or timber for sale,
157 profit or use, and shall be required to pay a tax thereon
158 and make returns on account of the production of said
159 minerals or timber showing the gross proceeds therefrom
160 or the equivalent thereof, in accordance with uniform
161 and equitable rules for determining the value upon which
162 such privilege tax shall be levied, corresponding as
163 nearly as possible to the gross proceeds from the sale of
164 similar products of like quality or character by other
165 taxpayers, which rules the State Board of Assessment and
166 Review shall prescribe and publish.

167 The terms "person" and "business concern", as used

168 in this section, shall include any individual, firm,
169 co-partnership, joint adventure, association, corporation,
170 trust, or any other group or combination acting as a unit,
171 and the plural as well as the singular number, unless the
172 intention to give a more limited meaning is disclosed by
173 the context.

1 Sec. 4. If, after the thirtieth day of June, 1933,
2 any person as hereinbefore defined shall engage or continue
3 in any business for which a franchise or privilege tax is
4 imposed by this Act, he shall be deemed to have applied for
5 and to have duly obtained from the State of Iowa such a
6 franchise or license to engage in and to conduct such business
7 for the current tax year, upon the condition that he shall pay
8 the tax accruing to the State of Iowa under the provisions of
9 this Act; and he shall hereby be licensed to engage in and
10 conduct such business.

1 Sec. 5. There are, however, exempted from the
2 provisions of this Act: (a) Labor, agriculture and
3 horticultural societies and organizations not operated
4 for profit; cemetery companies which are organized and
5 operated exclusively for the benefit of their members;
6 corporations, associations, or societies organized and
7 operated exclusively for religious, charitable, scientific
8 or educational purposes; business leagues, chambers of
9 commerce, boards of trade, civic leagues, and organizations
10 operated exclusively for the benefit of the community

11 and for the promotion of social welfare; provided, however,
12 that none of said companies, organizations, corporations
13 or societies named in this section are organized for profit
14 and no part of the income of which inures to the benefit of
15 any private stockholder or individual.

1 Sec. 6. On or before thirty days after the end of the
2 tax year each business concern, as hereinbefore defined,
3 liable for the payment of a tax under section three of this
4 Act shall make a return showing the gross proceeds of sales,
5 or gross income of business, and compute the amount of tax
6 chargeable against him in accordance with the provisions of
7 this Act, and deduct the amount of quarterly payments, (as
8 hereinbefore provided), and transmit with its report a
9 remittance covering the residue of the tax chargeable against
10 it to the office of the State Board of Assessment and Review;
11 such return shall be verified by the oath of the taxpayer,
12 if made by an individual, or by the oath of the president,
13 vice-president, secretary or treasurer of a corporation if
14 made on behalf of a corporation. If made on behalf of a
15 partnership, joint adventure, association, trust, or any other
16 group or combination acting as a unit, any individual delegated
17 by such firm, co-partnership, joint adventure, association,
18 trust, or any other group or combination acting as a unit
19 shall make the oath on behalf of the taxpayer. If for any
20 reason it is not practicable for the individual taxpayer
21 to make the oath, the same may be made by any duly authorized

22 agent. The state board of assessment and review, for good
23 cause shown, may extend the time for making the annual return
24 on the application of any taxpayer and grant such reasonable
25 additional time within which to make the same as may, by it
26 be deemed advisable.

PART THREE—PERSONAL INCOME TAX

1 Sec. 7. A tax is hereby imposed upon ever individual
2 resident of the state and upon every nonresident of the state,
3 insofar as income is derived from property located or business
4 transacted within the state, which tax shall be levied annually,
5 and collected semi-annually, with respect to his entire net
6 income as herein defined, computed at the following rates,
7 after deducting the exemptions hereinafter provided in this
8 Act:

9 (a) On the first two thousand dollars of taxable income,
10 or any part thereof, one (1) per cent.

11 (b) On the third one thousand dollars of taxable
12 income, or any part thereof, two (2) per cent.

13 (c) On the fourth one thousand dollars of taxable
14 income, or any part thereof, three (3) per cent.

15 (d) On the fifth one thousand dollars of taxable
16 income, or any part thereof, four (4) per cent.

17 (e) On all taxable income in excess of five thousand
18 dollars, five (5) per cent.

19 Provided, however, that a filing fee of three dollars
20 shall be paid in lieu of any such tax by every single resident

21 of the state having a net annual income of more than five
22 hundred dollars and less than one thousand dollars, and every
23 married resident of the state having an annual net income of
24 more than one thousand dollars and less than fifteen hundred
25 dollars.

26 Such tax shall first be levied, collected and paid in
27 the year 1934, and with respect to the net income during the
28 calendar year 1933, or during any tax year ending during the
29 twelve months ending December 31, 1933.

30 The tax imposed by this Act shall apply to and become
31 a charge against estates or trusts, which tax shall be levied,
32 collected and paid annually upon and with respect to the
33 income of estates of any kind of property held in trust, according
34 to such rules and regulations as shall be adopted, promulgated
35 and published by the State Board of Assessment and Review.

1 Sec. 8. The term "gross income" includes gains, profits
2 and incomes derived from salaries, wages or compensation for
3 personal service, of whatever kind and in whatever form paid, or
4 from professions, vocations, trades, business, commerce or
5 sales, or dealings in property, whether real or personal, growing
6 out of the ownership or use of or interest in such property ;
7 also from interest, rent, dividends, securities or the
8 transaction of any business carried on for gain or profit ; or
9 gains or profits, and income derived from any source whatever
10 and in whatever form paid, including those engaged in
11 agricultural pursuits. The amount of all such items shall

12 be included in the gross income of the tax year in which
13 received by the taxpayer, unless, under the methods of accounting
14 permitted under this act, any such amounts are to be properly
15 accounted for as of a different period.

16 The term “gross income” does not include the following
17 items, which shall be exempted from taxation under this act:

18 (a) Amounts received under a life insurance contract paid
19 by reason of the death of the insured, whether in a single
20 sum or in installments (but if such amounts are held by the
21 insurer under an agreement to pay interest thereon, the interest
22 payments shall be included in gross income); (b) amounts
23 received (other than amounts paid by reason of the death of the
24 insured and interest payments on such amounts) under a life
25 insurance, endowment, or annuity contract, or any interest
26 therein, only the actual value of such consideration and
27 the amount of the premiums and other sums subsequently paid
28 by the transferee shall be exempt from taxation under
29 subdivision (a) hereof; (c) the value of property acquired
30 by gift, bequest, devise, or descent (but the income from such
31 property shall be included in gross income); (d) interest
32 upon the obligations of the United States or its possessions,
33 agencies, or instrumentalities, which is or shall be exempt
34 from state taxation by federal law; (e) salaries, wages and
35 other compensation received from the United States by officials
36 or employees thereof which are or shall be exempt from state
37 taxation by federal law; (f) any amounts received through

38 accident or health insurance or under workmen's compensation
39 acts as compensation for personal injuries or sickness, plus
40 the amount of damages received, whether by suit or agreement,
41 on account of such injuries or sickness; (g) stock dividends
42 of a corporation distributed to its own stockholders.

1 Sec. 9. The term "net income" means the gross income
2 of the taxpayer less the deductions allowed by this act.

1 Sec. 10. In computing net income there shall be allowed
2 as deductions:

3 (a) All the ordinary and necessary expenses, paid or
4 incurred in case of report on an accrual basis during the
5 tax year in carrying on any trade or business, including a
6 reasonable allowance for salaries or other compensation for
7 personal service actually rendered, traveling expenses while
8 away from in pursuit of trade or business, and including
9 rentals or other payments required to be made as a condition
10 to the continued use or possession, for the purpose of the
11 trade or business, of property to which the taxpayer has not
12 taken or is not taking title or in which he has no equity.

13 (b) All interest paid or accrued during the tax year on
14 indebtedness, except on indebtedness incurred or continued to
15 purchase or carry obligations or securities, the interest on
16 which is exempt from taxation under this act.

17 (c) Taxes paid or accrued within the income year, imposed
18 by the authority of the United States or of any of its
19 possessions or of any state, territory or the District of

20 Columbia or of any foreign country; except inheritance taxes,
21 federal estate taxes or estate taxes of this or any other
22 state, and except income taxes imposed by this act and taxes
23 assessed for local benefits, of any kind tending to increase
24 the value of the property assessed.

25 (d) Losses sustained during the tax year and not
26 compensated for by insurance or otherwise, if incurred in
27 trade or business.

28 (e) Losses sustained during the tax year and not compen-
29 sated for by insurance or otherwise, if incurred in any trans-
30 action entered into for profit, though not connected with the
31 trade or business.

32 (f) Losses sustained during the tax year of property not
33 connected with the trade or business, if arising from fires,
34 storm, shipwreck or other casualty, or from theft and not
35 compensated for by insurance or otherwise.

36 (g) Losses deducted under the foregoing paragraphs d,
37 e, and f shall be ascertained and computed upon the same
38 basis as provided in section thirteen of this act.

39 (h) Debts ascertained to be worthless and charged off
40 within the tax year if the amount has previously been included
41 in gross income in a return under this Act.

42 (i) A reasonable allowance for the depreciation,
43 exhaustion, wear and tear and obsolescence of property used in
44 the trade or business, and in the case of mines or other
45 natural deposits and timber, a reasonable allowance for

46 depletion ; provided that in computing the deductions allowed
47 under this paragraph the basis shall be the cost (including
48 in the case of mines and other natural deposits, the cost of
49 development, not otherwise deducted), and in case or property
50 acquired prior to July 1, 1933, the fair market value of the
51 property on that date shall be taken in lieu of the cost up
52 to that date. The reasonable allowance under this paragraph
53 shall be made under rules and regulations to be prescribed
54 by the board. In the case of leases and deductions allowed
55 may be equitably apportioned between the lessor and the lessee.

56 (j) Contributions made within the taxable year to or
57 for the use of charity. This deduction is limited to an
58 amount which does not exceed five (5) per cent of the taxpayer's
59 net income, computed without the benefit of such deductions.

60 (k) If for any taxable year beginning after December
61 31, 1932, it appears on the production of evidence satisfactory
62 to the board that any taxpayer has sustained a net loss, the
63 amount thereof shall be deducted from the net income of the
64 taxpayer for the succeeding year.

65 (l) Dividends received from stock in any corporation,
66 the income of which shall have been assessed, and the tax on
67 such income paid by the corporation under the provisions of
68 this act.

69 (m) In computing the income no deductions shall in
70 any case be allowed in respect to the following:—Personal,
71 living or family expenses; any amount paid out for new

72 buildings or for permanent improvements or betterments, made
73 to increase the value of any property or estate; any amount
74 expended in restoring property or in making good the
75 exhaustion thereof, for which an allowance is or has been made;
76 premiums paid on any life insurance policy covering the life
77 of any officer or employee or of any individual financially
78 interested in any trade or business carried on by the taxpayer,
79 when the taxpayer is directly or indirectly a beneficiary
80 under such policy.

1 Sec. 11. There shall be allowed for the purpose of
2 this personal tax the following credits against the net
3 income computed as set forth herein:

4 (a) In the case of a single person, a personal
5 exemption of three hundred dollars (\$300.00); or in the case
6 of the head of the family or a married person living with
7 husband or wife, a personal exemption of nine hundred dollars
8 (\$900.00). A husband and wife living together shall receive
9 but one personal exemption. If such husband and wife make
10 separate returns, the personal exemption may be taken by
11 either or divided between them.

12 (b) If the status of the taxpayer, in so far as it
13 affects the personal exemptions or credit for dependents,
14 which is during the taxable year, the personal exemption and
15 credit shall be apportioned, under rules and regulations
16 prescribed by the Board, in accordance with the number of
17 months before and after such change.

1 Sec. 12. When property is exchanged for other property
2 having a readily ascertainable market value, the property
3 received in exchange shall, for the purpose of determining
4 gain or loss, be treated as the equivalent of cash to the
5 amount of its fair market value, if any, but even if
6 property received in exchange has a readily ascertainable
7 market value, no gain or loss shall be recognized (1) when
8 in the reorganization, recapitalization, or other change
9 in identity, form, or place of organization, however,
10 affected, consolidation or merger of one or more corporations
11 a taxpayer receives in place of any stock, or securities
12 owned by him, stock or securities in a corporation a party
13 to or resulting from such reorganization, consolidation or
14 merger, or (2) when a taxpayer or taxpayers transfer any
15 property, real, personal or mixed, to a corporation and
16 immediately after the transfer is or are in control of
17 such corporation by a stock ownership acquired by the
18 transfer of such property for stock of the corporation.

19 When property is exchanged for other property and no
20 gain or loss is recognized, the property received shall be
21 treated as taking the place of the property exchanged therefor.

22 Installment Basis.

23 (a) Dealers in personal property. Under regulations
24 prescribed by the board, any person or corporation who
25 regularly sells or otherwise disposes of personal property
26 on the installment plan may return as income therefrom in

27 any taxable year that proportion of the installment payments
28 actually received in that year which the gross profit
29 realized or to be realized when payment is completed, bears
30 to the total contract price.

31 (b) Sales of realty and casual sales of personalty. In
32 the case (1) of a casual sale or other casual disposition of
33 personal property (other than property of a kin which would
34 properly be included in the inventory of the taxpayer if on
35 hand at the close of the taxable year), for a price exceeding
36 \$1,000, or (2) of a sale or other disposition of real property,
37 if in either case the initial payments do not exceed 40 per
38 centum of the selling price, the income may, under regulations
39 prescribed by the board, be returned on the basis and in the
40 manner above prescribed in this section. As used in this
41 section the term "initial payments" means the payments received
42 in cash or property other than evidence of indebtedness of
43 the purchaser during the taxable period in which the sale or
44 other disposition is made.

45 (c) Change from accrual to installment basis. If a
46 taxpayer entitled to the benefits of subsection (a) elects
47 for any taxable year to report his net income on the
48 installment basis, then in computing his income for the
49 year of change or any subsequent year, amounts actually
50 received during any such year on account of sales or other
51 dispositions of property made in any prior year shall not be
52 excluded; provided, however, no tax shall be imposed on any

53 income accrued from sales made prior to January 1, 1933.

54 (d) Gain or loss upon disposition of tax. If an
55 installment tax is satisfied at other than its face value
56 or distributed, transmitted, sold, or otherwise disposed
57 of, gain or loss shall result to the extent of the difference
58 between the basis of the obligation and (1) in the case of
59 satisfaction at other than face value or a sale or exchange—
60 the amount realized, or (2) in the case of a distribution,
61 transmission, or disposition otherwise than by sale or exchange—
62 the fair market value of the obligation at the time of such
63 distribution, transmission, or disposition. The basis of the
64 obligation shall be the excess of the face value of the
65 obligation over an amount equal to the income which would be
66 returnable where the obligation satisfied in full.

1 Sec. 13. For the purpose of ascertaining the gain
2 derived or loss sustained from the sale or other disposition
3 of property, real, personal or mixed, the basis shall be, in
4 case of property acquired on or after January 1, 1933, the
5 cost thereof, or the inventory value, if the inventory is made
6 in accordance with this act.

7 In case of property acquired prior to January 1, 1933,
8 and disposed of thereafter:

9 (a) No profit shall be deemed to have been derived if
10 either the cost or the fair market price or value on January
11 1, 1933 exceeds the value realized.

12 (b) No loss shall be deemed to have been sustained if

13 either the cost or the fair market price or value on January
14 1, 1933, is less than the value realized.

15 (c) Where both the cost and the fair market price or
16 value on January 1, 1933, are less than the value realized,
17 the basis for computing profit shall be the cost or the fair
18 market price or value on January 1, 1933, whichever is higher.

19 (d) Where both the cost and the fair market price or
20 value on January 1, 1933, are in excess of the value realized,
21 the basis for computing loss shall be the cost or the fair
22 market price or value on January 1, 1933, whichever is lower.

23 (e) Any partial or final distribution to the taxpayer
24 of the assets of a corporation shall be treated as a sale of
25 the stocks or securities of the corporation owned by him
26 and the gain or loss shall be computed accordingly.

1 Sec. 14. Every individual having a net income for
2 the tax year from sources taxable under this act of three
3 hundred dollars (\$300.00) or over, if single, or if married
4 and not living with husband or wife, or having a net income
5 for the tax year of seven hundred dollars (\$700.00) or over
6 if married and living with husband or wife; and every partner-
7 ship doing business in this state shall make a return under
8 oath, stating specifically the items of gross income and the
9 deductions and exemptions allowed by this act.

10 If husband and wife living together have an aggregate
11 net income of one thousand dollars (\$1000.00) or over, each
12 shall make such a return, unless the income of each is

13 included in a single joint return.

14 If the taxpayer is unable to make his own return, the
15 return shall be made by a duly authorized agent or by a
16 guardian or other person charged with the care of the person
17 or property of such taxpayer.

1 Sec. 15. Every fiduciary subject to taxation under
2 the provisions of this act, as provided in section seven (7)
3 hereof, shall make a return under oath for the individual,
4 estate or trust for whom or for which he acts, if the net
5 amount thereof amounts to one thousand dollars or more or
6 the gross amount thereof amounts to two thousand dollars
7 or more.

8 The return made by a fiduciary shall state specifically
9 the items of gross income, and the deductions and exemptions
10 allowed by this act and such other facts as the board may
11 prescribe. Under such regulations as the board may prescribe,
12 a return may be made by one of two or more joint fiduciaries.

13 Fiduciaries required to make returns under this act
14 shall be subject to all the provisions of this act which apply
15 to individuals.

1 Sec. 16. Every person or corporation being a resident
2 of or having a place of business in this state, in whatever
3 capacity acting, including lessees or mortgagors of real or
4 personal property, fiduciaries, employers and all officers
5 and employees of the state or of any political subdivision
6 of the state, having the control, receipt, custody, disposal

7 or payment of interest (other than interest coupons payable
8 to bearer), rent, salaries, wages premiums, annuities,
9 compensations, remunerations, emoluments or other fixed or
10 determinable annual or periodical gains, profits and income,
11 amounting to one thousand dollars or over, paid or payable
12 during any year to any taxpayer, shall make complete return
13 thereof under oath, to the state board, under such regulations
14 and in such form and manner and to such extent as may be
15 prescribed by it.

16 Every partnership, having a place of business in the
17 state, shall make a return, stating specifically the items
18 of its gross income and the deductions allowed by this act,
19 and shall include in the return the names and addresses of the
20 individuals who would be entitled to share in the net income
21 if distributed, and the amount of the distributive shares of
22 each individual. The return shall be sworn to by any one
23 of the partners.

24 Every fiduciary shall make, under oath, a return
25 for the individual, estate, or trust for whom or for which
26 he acts, and shall set forth in such return the items of the
27 gross income, the deductions allowed by this act, the net
28 income, the names and addresses of the beneficiaries, the
29 amounts distributed or distributable to each and the amount,
30 if any, lawfully retained by him for future distribution.
31 Such return may be made by one or two or more joint fiduciaries.

1 Sec. 17. Returns and reports shall be in such form

2 as the board may, from time to time, prescribe, and those
3 required under Part Three of this Act shall be filed with the
4 board within ninety days after the expiration of the tax
5 year. In case of sickness, absence or other disability, or
6 whenever, in its judgment, good cause exists, the board may
7 allow further time for filing returns. There shall be annexed
8 to the return or the report the affidavit or affirmation of the
9 taxpayer making the return to the effect that the statements
10 contained therein are true.

11 The board shall cause to be prepared blank forms for
12 said reports and returns and shall cause them to be distributed
13 throughout the state and to be furnished upon application,
14 but failure to receive or secure the form shall not relieve
15 the taxpayer from the obligation of making any return or
16 report herein required.

1 Sec. 18. If the board shall be of the opinion that
2 any person required under this act to file a report or make a
3 return has failed to file such a report or return or to include
4 in a return filed, either intentionally or through error,
5 items of sales, transactions or taxable income, it may require
6 from such taxpayer a return or supplementary return, under
7 oath, in such form as it shall prescribe, of all the items
8 of business done, sales made, transactions completed or income
9 received by the taxpayer during the period for which the
10 return or report is made, whether or not taxable under the
11 provisions of this act. If from a supplementary return,

12 or otherwise, the board finds that any items taxable under
13 this act, have been omitted from the original return it may
14 require the items so omitted to be disclosed under oath
15 of the taxpayer, and to be added to the original return or
16 report. Such supplementary return and the correction of
17 the original return shall not relieve the taxpayer from any
18 of the penalties to which he may be liable under any provisions
19 of this act whether or not the board required a return or
20 supplementary return under this section.

1 Sec. 19. The return by an individual, who, while
2 living, was subject to income tax in the state during the
3 tax year, and who has died before making the return, shall
4 be made in his name and behalf by the administrator or
5 executor of the estate and the tax shall be levied upon and
6 collected from his estate.

PART FOUR—DEFINITIONS

1 Sec. 20. The following words, as used in this Act,
2 shall mean:

3 (a) The word “board” or “state board” means the
4 state board of assessment and review.

5 (b) The words “retail merchant”, as used in this
6 Act, shall mean and include every person, firm, association,
7 co-partnership or corporation opening, establishing,
8 operating or maintaining any “store”, as defined herein,
9 for the purpose of selling goods, wares, merchandise and
10 other personal property at retail in this State, and so

11 selling same, except those actually engaged in gardening
12 or farming and selling garden or farm products raised by
13 them in this State. The term “store”, as used in Part One
14 of this Act, shall be construed to mean and include any
15 store or stores or any mercantile establishment or
16 establishments doing business in this State which are
17 owned, operated, maintained or controlled by the same
18 “retail merchant”, as defined herein, either domestic or
19 foreign, in which goods, wares or merchandise of any kind
20 are sold at retail. The provisions of Part One of this Act
21 shall be construed to apply to every “retail merchant” and
22 “store”, as defined herein, including those controlled or
23 held with others by majority stock ownership or ultimately
24 controlled or directed by one management or association of
25 ultimate management.

26 (c) The term “gross income”, as used in Parts One and
27 Two of this Act, means the value proceeding or accruing from
28 the sale of tangible property (real or personal), or service,
29 or both, and all receipts, actual or accrued, by reason of
30 the investment of the capital of the business engaged in,
31 including interest, discount, rentals, royalties, fees, or
32 other emoluments however designated and without any deduction
33 on account of the cost of property sold, the cost of materials
34 used, labor costs, interest or discount paid, or any other
35 expense whatsoever; and without any deductions on account
36 of losses; also receipts of income derived from any source

37 whatever and however received or represented, unless
38 exempted by the laws of the United States. Provided, however,
39 that the amount of cigarette, oleomargarine, and gasoline
40 taxes, both the Iowa Tax and United States Government Tax
41 on gasoline, collected from the purchaser or consumer of
42 such articles during the taxpayer's tax payment period,
43 shall be deducted from the gross income of each vendor thereof.
44 The State Board of Assessment and Review shall by regulation
45 prescribe the form and method of reporting and deducting
46 such taxes.

47 (d) The term "business" as used in this act shall
48 include all activities engaged in or caused to be engaged
49 in with the object of gain, benefit or advantage either
50 direct or indirect, and not excepting sub-activities producing
51 marketable commodities used or consumed in the main business
52 activity, each of which sub-activities shall be considered
53 business engaged in taxable in the class in which it falls.

54 (e) The term "sale" or "sales" includes the exchange
55 of properties as well as the sale thereof for money, every
56 closed transaction constituting a sale.

57 (f) The term "gross proceeds of sales" means the value
58 proceeding or accruing from the sale of tangible property
59 without any deduction on account of the cost of property
60 sold, expenses of any kind, or losses.

61 (g) The word "taxpayer" means any person liable for
62 any tax hereunder.

63 (h) "Taxable income" as used in Part Three of this
64 Act means all net income after the exemptions allowed by
65 said Part One of this Act have been deducted.

66 (i) The word "corporation" as used in Parts One and
67 Two of this Act shall include joint stock companies,
68 limited partnerships, and associations organized for
69 pecuniary profit.

70 (j) The words "domestic insurance corporation" mean
71 any insurance corporation organized under the laws of this
72 State.

73 (k) The word "fiduciary" means a guardian, trustee,
74 executor, administrator, receiver, conservator, or any
75 person, whether individual, or corporate, acting in any
76 fiduciary capacity for any person, trust or estate.

77 (1) The word "paid", for the purposes of the deductions
78 under this Act, means "paid or accrued" or "paid or incurred",
79 and the terms "paid or incurred" and "paid or accrued" shall
80 be construed according to the method of accounting upon the
81 basis of which the net income is computed under this Act.

82 The term "received", for the purpose of the computation of
83 net income under this Act, means "received or accrued",
84 and the term "received or accrued" shall be construed
85 according to the method of accounting upon the basis of
86 which the net income is computed under this Act.

87 (m) The word "resident" applies only to individuals
88 and includes for the purpose of determining liability to

89 the tax imposed by this Act upon or with reference to the
90 income of any tax year, any individual domiciled in the
91 State of Iowa, and any other individual who maintains a
92 permanent place of abode within the state, and spends in
93 the aggregate more than six months of the tax year within
94 the state.

95 (n) The word "individual" means a natural person.

96 (o) The word "dividend" means any cash distribution
97 made by a corporation out of its earnings or profits to
98 its shareholders or members.

PART FIVE—COLLECTION OF TAXES

1 Sec. 21. Time and place of payment. 1. The personal
2 income tax may be paid in two installments, each consisting
3 of one-half of the total amount of the tax. The first
4 installment shall be remitted with the return and the
5 second installment shall be paid on or before six months
6 after the date fixed for filing the return; provided,
7 however, that in case the total amount of the tax shall be
8 ten dollars or less, then, and in that case, the whole
9 amount of the tax shall be paid at the time of filing the
10 return. All other taxes imposed by this Act shall be paid
11 quarterly.

12 When, at the request of the taxpayer, the time for
13 filing the return or report is extended, interest at the
14 rate of six per cent (6%) per annum on the amount of tax
15 then due from the time when the return was originally

16 required to be filed to the time of payment shall be added
17 and paid.

18 In the event any taxpayer fails or refuses to make
19 any report or return or fails or refuses to pay any tax
20 reported, or fails or refuses to do or perform any act
21 or thing required to be done or performed under the
22 provisions of this Act or under the provisions of any rule
23 or regulation promulgated or prescribed hereunder, the State
24 Board of Assessment and Review shall make such report, or
25 perform such act and compute the amount of tax on gross
26 income due, and there is hereby imposed upon such taxpayer
27 failing or refusing to perform such act or pay such tax a
28 penalty in the amount of twenty (20) per cent of the amount
29 of the tax which should otherwise have been paid or
30 reported or shown in addition to other penalties herein
31 described.

1 Sec. 22. Examination of returns. 1. As soon as
2 practicable after the return is filed the board shall
3 examine it and determine the correct amount of the tax,
4 and the amount so determined by the board shall be the tax.
5 If the tax found due shall be greater than the amount
6 theretofore paid, the excess shall be paid within ten days
7 after notice of the amount shall be mailed by the board.

1 Sec. 23. If the taxpayer shall make any error in
2 computing the tax assessable against him, the State Board
3 of Assessment and Review shall correct such error or

4 re-assess the proper amount of taxes, and notify the
5 taxpayer of its action by mailing to him promptly a copy
6 of the corrected assessment, and any additional tax for
7 which such taxpayer may be liable shall be paid within
8 ten days after the receipt of such statement.

1 Sec. 24. If the return or the report is made in good
2 faith and the understatement of the tax is not due to any
3 fault of the taxpayer, there shall be no penalty or additional
4 tax added because of the understatement, but interest shall be
5 added to the amount of the deficiency at the rate of one-half
6 of one per cent. ($\frac{1}{2}\%$). for each month or fraction of a month.

7 If the understatement is due to negligence on the part
8 of the taxpayer, but without intent to defraud, there shall
9 be added to the amount of the deficiency five per cent (5%)
10 thereof, and in addition, interest at the rate of one-half
11 of one per cent ($\frac{1}{2}\%$) per month or fraction of a month.

12 If the understatement is found by the board to be false
13 or fraudulent, with intent to evade the tax, the tax on the
14 additional business or income discovered to be taxable
15 shall be doubled and an additional one per cent (1%)
16 per month or fraction of a month shall be added.

17 The interest provided for in this section shall in
18 all cases be computed from the date the return or report
19 was originally required to be filed to the date of payment.

20 If the amount of tax as determined by the board shall
21 be less than the amount theretofore paid, the excess shall

22 be refunded under such regulations as may be prescribed by
23 the state board.

24 All payments received for any tax due under this Act
25 must be credited, first, to penalty and interest accrued,
26 and then to tax due.

1 Sec. 25. Additional taxes. 1. If the board discovers
2 from the examination of the return or report or otherwise
3 that the business or income of any taxpayer, or any portion
4 thereof, has not been assessed, it may, at any time within
5 two years after the time when the return was due, compute
6 the tax and give notice to the taxpayer of the proposed
7 assessment, and the taxpayer shall thereupon have an
8 opportunity, within thirty days, to file an appeal with
9 the board and a hearing shall be granted and a final
10 decision thereon shall be made by the board as soon as
11 possible. The limitation of two years to the assessment of
12 such tax or additional tax shall not apply to the assessment
13 of additional taxes upon fraudulent returns. After the
14 expiration of thirty days from such notification, if no
15 appeal has been filed or after such hearing if such appeal
16 has been filed, the board shall assess the income of such
17 taxpayer or any portion thereof which it determines has not
18 theretofore been assessed and shall give notice to the
19 taxpayer so assessed of the amount of the tax and interest
20 and penalties, if any, and the amount thereof shall be
21 due and payable within ten days from the date of such

22 notice. The provisions of this act with respect to
23 revision and appeal shall apply to a tax so assessed.
24 No additional tax amounting to less than five dollars
25 shall be assessed.

1 Sec. 26. Warrant for the collection of taxes.
2 If any tax imposed by this act or any portion of such
3 tax be not paid within sixty days after the same becomes
4 due, the board may issue a warrant under its official
5 seal directed to the sheriff of any county of the state
6 commanding him to levy upon and sell the real and personal
7 property of the taxpayer found within his county, for the
8 payment of the amount thereof, with the added penalties,
9 interest, and the cost of executing the warrant, and to
10 return such warrant to the board and pay to it the money
11 collected by virtue thereof by a time to be therein
12 specified, not less than sixty days from the date of the
13 warrant. The sheriff shall, within five days after the
14 receipt of the warrant, file with the clerk of the
15 district court of his county a copy thereof, and thereupon
16 the clerk shall enter in the judgment docket, in the column
17 for judgment debtors, the name of the taxpayer mentioned
18 in the warrant, and in appropriate columns the amount of
19 the tax or portion thereof and penalties for which the
20 warrant is issued and the date when such copy is filed,
21 and thereupon the amount of such warrant so docketed shall
22 become a lien upon the title to and interest in real

23 property of the taxpayer against whom it is issued in the
24 same manner as a judgment duly docketed in the office of
25 such clerk. The said sheriff shall thereupon proceed
26 upon the same in all respects, with like effect and in the
27 same manner prescribed by law in respect to executions
28 issued against property upon judgment of a court of record,
29 and shall be entitled to the same fees for his services in
30 executing the warrant, to be collected in the same manner.

1 Sec. 27. Tax a debt. Every tax imposed by this act,
2 and all increases, interest and penalties thereon shall
3 become, from the time it is due and payable, a personal
4 debt from the person or persons liable to pay the same to
5 the state of Iowa, and all property of the taxpayer, whether
6 exempt from execution or not, shall be liable for satisfaction
7 of the debt.

1 Sec. 28. Lien. Any tax as herein provided, which
2 has been reported and not paid, or the amount found to
3 be due by the State Board of Assessment and Review under
4 the provisions of this act, shall be a lien upon any and
5 all real and personal property within this state of the
6 delinquent taxpayer, which such lien shall be preserved,
7 and enforced; and such delinquent tax shall be collected
8 in the same manner and at the same time as liens and taxes
9 upon real and personal property and moneys and credits
10 are preserved, enforced and collected under the provisions
11 of existing law.

1 Sec. 29. Action for recovery of taxes. Action may
2 be brought at any time by the attorney general of the
3 state, and shall be brought by him upon the request of
4 the state board, in the name of the state, to recover the
5 amount of any taxes, penalties, and interest due under
6 this act.

1 Sec 30. Tax upon settlement of fiduciary's account.
2 No final account of a fiduciary shall be allowed by any
3 court unless such account shows, and the judge of said
4 court finds, that all taxes imposed by the provisions of
5 this act upon said fiduciary, which have become payable,
6 have been paid, and that all taxes which may become due
7 are secured by bond, deposit or otherwise. The certificate
8 of the board and the receipt for the amount of the tax therein
9 certified shall be conclusive as to the payment of the tax
10 to the extent of said certificate.

11 For the purpose of facilitating the settlement and
12 distribution of estates held by fiduciaries, the board may,
13 on behalf of the state, agree upon the amount of taxes at
14 any time due or to become due from such fiduciaries under
15 the provisions of this act, and payment in accordance with
16 such agreement shall be full satisfaction of the taxes to
17 which the agreement relates.

1 Sec. 31. Penalties. If any taxpayer, without intent
2 to evade any tax imposed by this act, shall fail to file a
3 report of business or return of income, or pay a tax, if

4 one is due at the time required by or under the provisions
5 of this act, but shall voluntarily file a corrected report
6 of business or return of income and pay the tax due,
7 within sixty days thereafter, there shall be added to and
8 made a part of the tax an additional amount equal to five
9 (5) per cent thereof.

10 If any taxpayer fails voluntarily to file a report of
11 business or a return of income, or to pay a tax, if one is
12 due, within sixty days of the time required by or under
13 the provisions of this act, the tax rates shall be increased
14 by twenty (20) per cent.

15 If any taxpayer fails to file a return or a report
16 within sixty days of the time prescribed by this act, any
17 judge of the district court, upon petition of the state
18 board, shall issue a writ of mandamus requiring such person
19 to file a return. The order of notice upon the petition
20 shall be returnable not later than ten days after the
21 filing of the petition. The petition shall be heard and
22 determined on the return day or on such day thereafter as
23 the court shall fix, having regard to the speediest
24 possible determination of the case, consistent with the
25 rights of the parties.

26 Any person who, without fraudulent intent, fails to
27 pay any tax or to make, render, sign or verify any return
28 or report, or to supply any information within the time
29 required by or under the provisions of this act, shall be

30 liable to a penalty of not more than one thousand dollars
31 to be recovered by the attorney general, in the name of
32 the state, by action in any court of competent jurisdiction.

33 Any person, who with intent to evade any requirement
34 of this act or any lawful requirement of the board thereunder
35 shall fail to pay any tax or to make, sign or verify any
36 return or to supply any information required by or under the
37 provisions of this act, shall be guilty of a misdemeanor
38 and punished accordingly. Any person, officer, director,
39 trustee or agent, who with intent to evade any of the
40 requirements of this act, or any lawful requirement of the
41 board thereunder, shall make, render, sign or verify any
42 false or fraudulent reports or returns or statements, or
43 shall supply any false or fraudulent information, or who
44 shall aid, abet, direct, cause or who shall procure anyone
45 so to do, shall be liable to a penalty of not more than
46 five thousand dollars, to be recovered by the attorney
47 general, in the name of the state, by action in any court
48 of competent jurisdiction, and shall also upon conviction
49 be punished by imprisonment in the penitentiary for a term
50 of from one to three years and by a fine of not less than
51 one thousand dollars nor more than five thousand dollars.

52 The failure to do any act required by or under
53 the provisions of this act shall be deemed an act
54 committed in part at the office of the board of Iowa.
55 The certificate of the board to the effect that a tax

56 has not been paid, that a return has not been filed or
57 that information has not been supplied, as required by
58 or under the provisions of this act, shall be prima
59 facie evidence that such tax has not been paid, that
60 such return has not been filed or that such information
61 has not been supplied.

62 If any taxpayer has failed to file a return or make
63 a report or has filed an incorrect or insufficient return
64 or report and has been notified by the board of his
65 delinquency refuses or neglects, within twenty days after
66 such notice, to file a proper return or report, or files
67 a fraudulent return or report, the board shall determine
68 the income of such taxpayer, according to its best
69 information and belief, and assess the same at not more
70 than double the amount so determined. The board may, in
71 its discretion, allow further time for filing a return in
72 such case.

REVISION AND APPEAL

1 Sec. 32. Any taxpayer may appeal to the board for
2 revision of the tax assessed against him at any time
3 within one year from the time of the filing of the report
4 or return or from the date of the notice of the assessment
5 of any additional tax. The board shall grant a hearing
6 thereon and if, upon such hearings, it shall determine that
7 the tax is excessive or incorrect, it shall resettle the
8 same according to the law and the facts and adjust the

9 computation of the tax accordingly. The board shall notify
10 the taxpayer of its findings and shall refund to the taxpayer
11 the amount, if any, paid in excess of the tax found by it
12 to be due with interest at six per cent per annum. If the
13 taxpayer has failed without good cause, to file a return
14 within the time prescribed by law, or has filed a fraudulent
15 return, or, having filed an incorrect return, has failed,
16 after notice, to file a proper return, the board shall not
17 reduce the tax below the amount for which the taxpayer is
18 found to be properly assessed.

1 Sec. 33. The determination of the board upon application
2 made by a taxpayer for revision of any tax may be reviewed
3 in any court of competent jurisdiction by a complaint filed
4 by the taxpayer against the board in the county in which the
5 taxpayer resides or has his principal place of business within
6 sixty days after notice by the board of its determination,
7 given as provided in section 32.

8 Thereupon appropriate proceedings shall be had and the
9 relief, if any, to which the taxpayer may be found entitled
10 may be granted and any such taxes, interest or penalties
11 paid, found by the court to be in excess of those legally
12 assessed, shall be ordered refunded to the taxpayer, with
13 interest at six per cent per annum from time of payment.
14 An appeal may be taken by the taxpayer, or the board, to
15 the Supreme Court in the manner that appeals are taken in
16 suits in equity, irrespective of the amounts involved.

ADMINISTRATION

1 Sec. 34. The state board shall administer, enforce,
2 collect, and receipt for the taxes herein imposed. Each
3 member of said board shall give a commercial bond in an
4 amount to be fixed by the governor. Said bond shall be
5 signed as surety by an association or an incorporation
6 authorized to do a fidelity insurance business in the State
7 of Iowa, and the reasonable cost of said bond shall be paid
8 by the state. The board may for administrative purposes
9 divide the state into districts, provided, that in no case
10 shall a county be divided in forming a district.

11 The board is hereby authorized to make and modify
12 such rules and regulations as it may deem necessary to insure
13 the proper administration and enforcement of this act. Such
14 rules and regulations shall be in full force and effect from
15 and after their publication in two newspapers of general
16 circulation in the State of Iowa, and until repealed or
17 amended.

1 Sec. 35. The board, for the purpose of ascertaining
2 the correctness of any return or for the purpose of making
3 an estimate of the taxable income of any taxpayer, shall
4 have power: to examine or cause to be examined by any
5 agent or representative designated by its books, papers,
6 records or memoranda; to require by subpoena the attendance
7 and testimony of witnesses; to issue and sign subpoenas;
8 administer oaths and affirmations; to examine witnesses and

9 receive evidence; to compel witnesses to produce for
10 examination books, papers, records and documents relating to
11 any matter which it shall have the authority to investigate
12 or determine.

13 In all cases where it finds that the taxpayer has not
14 properly reported, or made his returns, as provided by law,
15 and all hearings where it decides a matter against the
16 taxpayer, the board shall tax the costs to the taxpayer, other-
17 wise they shall be taxed to the state.

18 The fees and mileage to be paid witnesses and taxed
19 as costs shall be the same as prescribed by law in proceedings
20 in the courts of this state in civil cases.

21 Where the costs are taxed to the taxpayer they shall be
22 added to the taxes assessed against said taxpayer and shall
23 be collected in the same manner.

24 In case of disobedience to a subpoena the board may
25 invoke the aid of any court of competent jurisdiction in
26 requiring the attendance and testimony of witnesses and
27 production of records, books, papers and documents, and
28 such court may issue an order requiring the person to appear
29 before the board and give evidence or produce records, books,
30 papers and documents, as the case may be, and any failure to
31 obey such order of court may be punished by the court as a
32 contempt thereof.

33 Testimony on hearings before the board may be taken
34 by deposition as in civil cases, and any person may be

35 compelled to appear and depose in the same manner as witnesses
36 may be compelled to appear and testify as hereinbefore
37 provided.

1 Sec. 36. The state board of assessment and review,
2 is hereby authorized to examine the books, records, papers,
3 files and equipment of any retail merchant, as defined herein,
4 made taxable by this Act, and, to that end, shall have the
5 power to examine witnesses under oath to verify the accuracy
6 of any return made under the provisions of this Act, or to
7 ascertain whether or not any tax is due under the provisions
8 of this Act by any retail merchant; and in the collection of
9 said tax, the state board of assessment and review shall have
10 the per and authority to institute legal proceedings for the
11 purpose of ascertaining the amount of tax due and the
12 collections thereof with the penalties thereon, and the state
13 board of assessment and review shall be vested with all the
14 powers under the laws of the State for the collection of taxes.
15 The board, at or after the commencement of an action for the
16 purpose of collecting the amount of tax due and penalties
17 and interest due thereon, as set out herein, may have an
18 attachment against the property of the defendant, including
19 garnishees, without the execution of a bond, upon the
20 filing of an affidavit showing the nature of the claim,
21 and that it is just; also the sum which the board believes
22 the plaintiff ought to recover, and that the collection
23 of the demand will be endangered by delay in obtaining

24 judgment or a return of no property found.

1 Sec. 37. The board may appoint and remove such agents,
2 auditors, clerks and employees as it may deem necessary, such
3 persons to have such duties and powers as the board may, from
4 time to time prescribe.

5 The salaries of all agents and employees shall be
6 fixed by the board subject to the approval of the executive
7 council.

8 All such agents and employees shall be allowed such
9 reasonable and necessary traveling and other expenses as
10 may be incurred in the performance of their duties.

11 The board may require such of the officers, agents,
12 and employees as it may designate to give bond for the
13 faithful performance of the duties in such sum and with
14 such sureties as it may determine and the state shall pay
15 the premiums on such bonds.

1 Sec. 38. All officers empowered by law to administer
2 oaths, and all agents, auditors, and such other employees
3 as the board may designate, shall have the power to administer
4 an oath to any person or take the acknowledgment of any
5 person in respect of any return or report required by this
6 act or the rules and regulations of the board.

1 Sec. 39. The board shall prepare and publish annually
2 statistics reasonably available, with respect to the operation
3 of this act, including amounts collected, classification
4 of taxpayers, and such other facts as are deemed pertinent

5 and valuable.

1 Sec. 40. 1. Except in accordance with proper judicial
2 order, or as otherwise provided by law, it shall be unlawful
3 for the board, any deputy agent, auditor or other officer
4 or employee, to divulge or make known in any manner the
5 amount of sales, business or income, or any particulars
6 set forth or disclosed in any report or return required
7 under this act. Nothing herein shall be construed to
8 prohibit the publication of statistics so classified as to
9 prevent the identification of particular reports or
10 returns and the items thereof, or the inspection by the
11 attorney general or other legal representatives of the
12 state of the report or return of any taxpayer who shall
13 bring action to set aside or review the tax based thereon,
14 or against whom an action of proceeding has been instituted
15 to recover any tax or any penalty imposed by this act.
16 Reports and returns shall be preserved for four years and
17 thereafter until the board orders them to be destroyed.
18 Nothing herein shall be construed to prohibit the delivery
19 to a taxpayer or his duly authorized representative of a
20 certified copy of any return or report filed in connection
21 with his tax.

22 2. Any person violating subdivision one of this section
23 shall be deemed guilty of a misdemeanor, and if the offender
24 be an officer or employee of the state he shall be dismissed
25 from office and shall be incapable of holding any public

26 office in this state for a period of five years thereafter.

27 3. Every taxpayer shall, upon request of the board,
28 furnish a copy of the return for the corresponding year which
29 he has filed or may file with the federal government of the
30 United States, showing his gross and net income and how
31 obtained and the several sources from which derived.

1 Sec. 41. All revenue arising under the operation
2 of this act and collected by the board shall be remitted
3 daily by it to the treasurer of state and be kept in a
4 separate trust fund fully protected against loss.

1 Sec. 42. 1. The board is hereby authorized to grant
2 a refund of any taxes erroneously or illegally assessed
3 or collected thereon, and all taxes that appear to it to
4 be unjustly assessed or excessive in amount, or in any
5 manner wrongfully collected under this act.

6 2. Such refunds shall be ordered only after claims
7 therefor have been filed by the taxpayer and after hearing,
8 investigation, or other proofs under oath, as the said
9 board may require.

10 3. No claim for refund shall be allowed by the
11 board unless a claim therefor has been filed, under oath,
12 with the board within one year after the payment of said tax,
13 penalty or interest thereon.

14 4. Upon final determination by the board that
15 such refund shall be allowed, the said board shall certify
16 the amount thereof and the name of the claimant to the

17 auditor of state, who, shall, upon receipt of such certificate,
18 draw his warrant upon the treasurer of state therefor, and
19 the treasurer of state shall pay the same out of any funds
20 in the state treasury not otherwise appropriated.

PART SIX—DISTRIBUTION OF TAX

1 Sec. 43. All revenue arising under the operation
2 of this Act and collected by the State Board of Assessment
3 and Review shall be by it deposited daily with the Treasurer
4 of State to be carried by him as a special tax fund entirely
5 separate from all other revenues of the State, which fund
6 shall be distributed from time to time by said State Board
7 of Assessment and Review in accordance with the provisions
8 of this Act on warrants drawn by the Auditor of State upon
9 direction of the State Board of Assessment and Review and
10 made payable to the several school districts of the State
11 as by this Act hereinafter provided. The warrants so drawn
12 shall, upon presentation, be paid by the Treasurer of the
13 State out of said special fund.

1 Sec. 44. All of the revenue derived from the specific
2 taxes imposed by the several provisions of this Act shall
3 be used, first, for the operation and maintenance of all of
4 the public schools of the State, and, second, toward the
5 support of the State Government, but then only upon the con-
6 ditions and subject to the limitations herein set forth. All
7 revenue annually collected under this Act up to the extent
8 of twenty-five million dollars shall be made available for the

9 operation and maintenance of such school; and all such revenues
10 so annually collected under this Act in excess of the above
11 mentioned twenty-five million dollars appropriated to schools,
12 shall, to the extent of five million dollars, be transferred
13 by the State Board of Assessment and Review to the general fund of
14 the State and paid to the Treasurer thereof, after which he
15 will deposit, preserve, distribute and pay out the same under
16 and in accordance with the laws of the State of Iowa. On the
17 first day of June, and the first day of September, and the
18 first day
19 December, and the first day of February, of each year,
20 the State Board of Assessment and Review shall apportion
21 to the several school corporations of the State the money
22 then in the above mentioned special tax fund in the
23 proportion that the total number of teacher units allotted
24 to each school corporation, in the manner hereinafter
25 provided, bears to the total number of teacher units so
26 allotted to all the school corporations of the state by
27 the Superintendent of Public Instruction; provided, however,
28 that every High School teacher unit shall be considered
29 the equivalent of one and one-half ($1\frac{1}{2}$) elementary teacher
30 units. On order of the State Treasurer the State Auditor
31 shall draw a warrant on the treasurer of state, payable to
32 each school corporation, in the amount to which it is
33 entitled, which warrant shall be sent by the state treasurer
34 to the secretary of the proper school corporation. A

35 complete and accurate record of such disbursement shall be
36 kept by the state treasurer. Upon receipt of such funds
37 from the state treasurer, the secretary of the school
38 corporation shall cause same to be deposited to the general
39 fund of said school corporation.

40 The above mentioned allotment of teacher units shall
41 be made annually by the superintendent of public instruction
42 and filed with the Treasurer of State on or before the first
43 Monday of March of each year, together with the name and
44 address of each secretary of each school corporation in the
45 State of Iowa.

46 In making such allotment, the superintendent of public
47 instruction shall use the following method: (a) Elementary
48 Teacher Units. A school employing but one teacher for grades
49 one to eight inclusive shall be considered as a teacher unit,
50 regardless of its average daily attendance. In a district
51 employing more than one teacher for grades one to eight
52 inclusive, two teachers shall be counted for the first
53 thirty-five of such pupils in average daily attendance,
54 and one teacher for each additional twenty-seven pupils
55 or major fraction thereof, in average daily attendance,
56 (b) High School Teacher Units. In a district having
57 an average daily attendance of less than twenty-five in
58 grades nine to twelve, inclusive, the superintendent of
59 public instruction may use the actual number of teachers
60 employed by such district, not to exceed two. In such a

61 district having an average daily attendance of forty or
62 less in grades nine to twelve inclusive, two teachers shall
63 be counted for the first twenty-five of such pupils in
64 average daily attendance and one teacher for an additional
65 fifteen or major fraction thereof. In such a district
66 having an average daily attendance of more than forty
67 pupils, three teachers shall be counted for the first forty
68 of such pupils and one teacher for each additional twenty-
69 two pupils or major fraction thereof, in average daily
70 attendance.

71 In determining the number of teacher units to be
72 allocated to any school corporation, the Superintendent
73 of Public Instruction shall include only such pupils as
74 are residents of the corporation. If, in any school
75 corporation, the number of teachers actually employed is
76 less than the number of teacher units allotted to that
77 school, the Superintendent of Public Instruction shall use
78 the number actually employed in determining the number of
79 teacher units to be allotted to that school.

80 In the event that the amount of tax collected under
81 this Act during the calendar year shall exceed twenty-five
82 million dollars, the Board of Assessment and Review shall,
83 on the first day of February, of each year, pay over to
84 the Treasurer of State out of such surplus above
85 twenty-five million dollars an amount not to exceed
86 five million dollars, subject, however, to the conditions

87 hereinafter specified.

88 Notwithstanding the provisions of the preceding
89 paragraphs, the Board of Assessment and Review is
90 prohibited from paying over or distributing to any school
91 district in Iowa for any one year any portion or part of
92 the revenues derived from the several taxes imposed by this
93 Act unless and until the President and Secretary of such
94 school district shall prepare, execute, verify and file
95 in the office of the State Board of Assessment and Review
96 a statement that during the preceding year the public
97 of their school district raised by a direct property tax
98 was less by twenty (20) per cent than the tax so raised
99 during the year 1932, and the further statement that the
100 Board of such school district would use any amount received
101 from the State Board of Assessment and Review out of the
102 revenues raised by this Act as a replacement of the direct
103 property tax and that they would in good faith make a
104 corresponding reduction in the revenue raised by direct
105 taxation in said school taxing district.

106 It is hereby expressly provided that the revenue
107 derived from the several taxes imposed by this Act shall
108 replace, to the extent that they are distributed to the
109 Treasurer of Iowa, the State mileage tax which the Board
110 would otherwise levy for State purposes, and that no
111 further distribution of the revenues raised by the several
112 taxes of this State shall be distributed to the State of Iowa

113 during any year when the same is not used as a replacement
114 tax to the full extent of the fund received under the
115 provisions of this Act.

1 Sec. 45. The provisions of this Act are severable,
2 and if any section or sections, paragraph, or paragraphs,
3 sentence or sentences, clause or clauses, word or words
4 of this Act shall be held to be unconstitutional by the
5 valid judgment or decree or any court of competent
6 jurisdiction, such particular section or sections,
7 paragraph or paragraphs, sentence or sentences, clause
8 or clauses, word or words may be rejected without
9 affecting the remainder of the Act, and the decisions of
10 the courts shall not affect or impair any of the remaining
11 sections, paragraphs, sentences, clauses or words of
12 this Act. It is hereby declared that it is the legislative
13 intent that this Act and each word, clause, sentence,
14 paragraph and section thereof would have been enacted
15 had such unconstitutional section or sections, paragraph
16 or paragraphs, sentence or sentences, clause or clauses,
17 word or words not be included.

1 Sec. 46. All Acts, or parts of Acts, in conflict
2 herewith are hereby repealed.

Substitute for Senate File No. 263.
By BEARDSLEY, CALHOUN, CHRYSTAL, HUSH, McARTHUR,
NELSON, PENNBRAY, REESE, ROELOFS and STEVENS OF
DECATUR (BONNSTETTER, DONLON, DEAN, GRAU,
HANSON OF LYON, AUGUSTINE, REED, RICE, SOURS,
SPEIDEL and TETER).

A BILL FOR

An Act relating to revenue and taxation ; providing for public revenue and equalizing taxation ; imposing a sales tax on retail merchants, a franchise tax upon business concerns and a personal net income tax upon individuals, as defined in this Act ; providing for the collection of such taxes, the distribution and use of revenue derived therefrom and the administration of said law ; fixing fines and penalties for the violation of this Act ; declaring an emergency to exist, and repealing all laws in conflict with the provisions of this Act.

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

PART ONE—DEFINITIONS

1 Section 1. For the purpose of this act and unless

2 otherwise required by the context :

3 (a) The word “board” means the State Board of

4 Assessment and Review.

5 (b) The term “retail merchant” shall mean every

6 person, firm, association, co-partnership, joint stock

7 company or corporation opening, establishing, operating

8 or maintaining any store, stores or retail business, under

9 the same administrative management, for the purpose of

10 selling goods, wares, merchandise and other personal

11 property at retail in this state and so selling the same,

12 except those actually engaged in gardening or farming and

13 selling garden or farm products raised by them in this

14 state, and this exception shall apply only to the extent
15 of such garden and farm products so raised and sold.

16 (c) The word "person" includes individuals,
17 fiduciaries and partnerships.

18 (d) The word "individual" means a natural person.

19 (e) The word "fiduciary" means a guardian, trustee,
20 executor, administrator, receiver, conservator or any person,
21 whether individual or corporate, acting in any fiduciary
22 capacity for any person, trust or estate.

23 (f) The word "corporation" means a corporation
24 organized for pecuniary profit and also includes a joint
25 stock company, limited partnership and any other association
26 organized for pecuniary profit.

27 (g) The term "gross retail sales" means the value
28 proceeding or accruing from the sale of tangible property,
29 less any credit actually allowed on merchandise returned,
30 if the sale of such merchandise has been reported and tax
31 paid thereon, without any deduction on account of the cost
32 of property sold, expense of any kind or loss. The term
33 "gross retail sales" does not include the amount of
34 cigarette, oleomargarine and gasoline taxes, both the Iowa
35 tax and United States Government tax on gasoline, collected
36 from the purchaser or consumer of such articles during the
37 tax payment period.

38 (h) The word "sale" includes exchange of property,
39 as well as the sale thereof for money, every such closed

40 transaction constituting a sale; and in case of exchange
41 the reasonable value of the article received in exchange
42 shall be considered the sale price.

43 (i) The words “tax year” mean the calendar year or
44 the fiscal year ending during such calendar year during
45 which the tax is computed under this act.

46 (j) The words “fiscal year” mean an accounting period
47 of twelve (12) months ending on the last day of any month
48 other than December.

49 (k) The word “resident” applies only to individuals
50 and includes for the purpose of determining liability to the
51 tax imposed by this act upon or with reference to the income
52 of any tax year, any individual domiciled in the State of
53 Iowa, and any other individual who maintains a permanent
54 place of abode within this state and spends in the aggregate
55 more than six (6) months of the tax year within the state.

56 (l) The word “paid” means “paid or accrued” and “paid
57 or incurred” and shall be construed according to the method
58 of accounting upon the basis of which the net income is
59 computed under this act.

60 (m) The word “received” means “received or accrued”
61 and shall be construed according to the method of accounting
62 upon the basis of which the net income is computed under
63 this act.

64 (n) The word “dividend” means any distribution made
65 by a corporation out of its earnings or profits to its

66 shareholders or members, whether in cash or in other property
67 or in stock of the corporation.

PART TWO—RETAIL SALES TAX

1 Sec. 2. Every retail merchant, as herein defined,
2 shall pay a quarterly sales tax for the right and privilege
3 of opening, establishing, operating or maintaining any
4 retail business, determined by computing the tax on the
5 amount of annual gross retail sales as made quarterly,
6 as follows:

7 (a) On the first fifty thousand dollars of annual
8 gross retail sales, or any part thereof in excess of three
9 thousand dollars, one-half per cent ($\frac{1}{2}\%$).

10 (b) On the next fifty thousand dollars of annual
11 gross retail sales, or any part thereof, three-fourths per
12 cent ($\frac{3}{4}\%$).

13 (c) On the next one hundred fifty thousand dollars
14 of annual gross retail sales, or any part thereof, one per
15 cent (1%).

16 (d) On the next two hundred and fifty thousand
17 dollars of annual gross retail sales, or any part thereof,
18 one and one-fourth per cent ($1\frac{1}{4}\%$).

19 (e) On the next two hundred fifty thousand dollars
20 of annual gross retail sales, or any part thereof, one and
21 one-half per cent ($1\frac{1}{2}\%$).

22 (f) On the next two hundred fifty thousand dollars
23 of annual gross retail sales, or any part thereof, one and

24 three-fourths per cent ($1\frac{3}{4}\%$).

25 (g) On all annual gross retail sales in excess of
26 one million dollars, two per cent (2%).

1 Sec. 3. The retail sales tax imposed by this act shall
2 be paid in four installments, each covering the gross
3 retail sales for the last preceding three months. The
4 calendar year shall be divided into four taxpaying periods
5 of three months each, and the tax for each period shall be
6 due and payable within thirty days from the close of the
7 period for which the tax is computed.

1 Sec. 4. Every retail merchant, as herein defined,
2 in order to ascertain the amount of taxes due and payable
3 under this act shall file with the board, within thirty
4 days from the close of each quarterly period for which
5 such tax is due, a written report verified by an affidavit
6 of the owner or his agent on such forms as said board may
7 prescribe, giving the name, number, location of each store
8 or retail point included in said retail business, the name
9 and post office address of its owner or principal agent, the
10 name and post office address of the agent, if other than the
11 owner, in charge of its business at such place, the nature
12 and kind of business; the total gross retail sales of all
13 kinds during the preceding quarterly period; and such other
14 facts bearing on the matter of taxation as the board may
15 require. In compliance with such report, the retail merchant
16 shall remit to the treasurer of state the tax due as shown by

17 such report as herein and hereby imposed.

18 The board, in any case, may require such additional
19 information as it may deem necessary to enable it to properly
20 perform its duties hereunder. It shall be the duty of the
21 board to ascertain the amount of taxes due for the preceding
22 three months from such quarterly report and from such additional
23 information so obtained and to enforce collection of any amount
24 found due from each such retail merchant.

PART THREE—FRANCHISE TAX

1 Sec. 5. Each “business concern”, as herein defined,
2 shall pay for each tax year to the treasurer of state, for
3 the exclusive use of the State of Iowa and each and all of
4 its several school districts, in consideration for the
5 privilege of engaging and continuing in business, in whole
6 or in part, in the State of Iowa, as a gainful pursuit,
7 business and/or vocation, either for itself, or as broker,
8 factor or commission merchant, a franchise or privilege tax,
9 based on the volume of its business, as hereinafter provided.

10 The tax herein provided shall be paid quarterly and
11 the amount thereof for each such business concern shall be
12 determined by multiplying the gross income and/or gross
13 proceeds of sales as herein defined, of its business
14 transacted during the last preceding three months, at the
15 respective rates as follows :

16 (a) For each business concern engaging or continuing
17 within this state in the business of mining and producing

18 coal, sand, gravel, crushed rock or gypsum for sale, profit
19 or use, the amount of such tax shall be equal to the value
20 of the commodity produced as shown by the gross proceeds
21 derived from the sale thereof by the producer, except as
22 hereinafter provided, multiplied by a rate of ten hundredths
23 per cent (10/100%).

24 (b) For each business concern engaging or continuing
25 within this state in the business of manufacturing, compounding,
26 processing or preparing for sale, profit or use, any article,
27 substance or commodity, the amount of such tax shall be equal to
28 the gross proceeds of sale of the article, substance or commodity
29 manufactured, compounded or prepared for sale, as shown by
30 the gross proceeds derived from the sale thereof by the
31 business concern manufacturing, compounding, processing or
32 preparing the same, except as herein provided, multiplied
33 by a rate of twenty hundredths per cent (20/100%).

34 (c) For each business concern engaging or continuing
35 within this state in the business of wholesaling or jobbing,
36 the amount of such tax shall be equal to the gross proceeds
37 of sales multiplied by a rate of ten hundredths per cent
38 (10/100%). The classification of wholesaling or jobbing
39 shall apply only to a business concern doing a regularly
40 organized wholesale or jobbing business, known to the trade
41 as such, and not selling such property to the consumer in
42 retail transactions. Each such business concern paying the
43 tax imposed under this section shall not be taxable as a

44 retail merchant under Part Two hereof.

45 The gross income from the sale of electric power, gas,
46 heat and water, when sold at wholesale to and for distribution,
47 by another concern subject to taxation under this act, shall
48 be taxed against such wholesaler at the rate provided in this
49 section.

50 (d) For each business concern engaging or continuing
51 in this state in the business of selling any tangible property,
52 whether real or personal, and not otherwise herein expressly
53 taxed, the amount of such tax shall be equal to the gross
54 income multiplied by a rate of forty hundredths per cent (40/100%).

55 (e) For each business concern engaging or continuing
56 in this state in the business of banking and/or other concerns
57 employing money or capital in competition therewith, the
58 amount of such tax shall be equal to the gross income
59 multiplied by a rate of sixty hundredths per cent (60/100%).
60 This section shall include finance companies, Morris Plan
61 Banks and Small Loan Companies.

62 (f) For each business concern engaging or continuing
63 in this state in the business of operating street railways
64 or interurban railways, the amount of such tax shall be equal
65 to the gross income of the business multiplied by a rate of
66 forty hundredths per cent (40/100%).

67 (g) For each business concern engaging or continuing
68 in this state in the business of furnishing express service,
69 the amount of such tax shall be equal to the gross income

70 of the business multiplied by the rate of fifty hundredths
71 per cent (50/100%).

72 (h) For each business concern engaging, operating and/or
73 continuing in this state in the telephone, telegraph, electric
74 light, power, gas, railroad, bus line, motor truck and freight,
75 electric transmission, pipe line, sleeping car or private car
76 business, and each business concern engaging, operating and/or
77 continuing in this state in any business and/or whose property
78 is dedicated to the public use or whose charges or rates for
79 furnishing its product or service, are or may be, subject to
80 regulation by the state of Iowa, or any governmental sub-division
81 thereof, the amount of such tax for each such concern shall be
82 equal to the gross income of such business multiplied by the
83 rate of two per cent (2%). Municipalities and/or other political
84 subdivisions of the state are expressly included by the term
85 "business concern" as used in this subsection (h) only.

86 (i) For each business concern engaging or continuing
87 in this state in the business of contracting and building, the
88 amount of such tax shall be equal to the gross income of its
89 business multiplied by a rate of sixty hundredths per cent
90 (60/100%).

91 (j) For each business concern engaging or continuing in
92 this state in the business of operating a theatre, opera house,
93 moving picture show, vaudeville, amusement park, dance hall,
94 skating rink, race track or any other place at which amusements
95 are offered the public, the amount of such tax shall be equal

96 to the gross income of each such business multiplied by a
97 rate of two per cent (2%).

98 (k) For each foreign insurance company or association
99 not otherwise paying a premium tax to the state of Iowa and
100 for each domestic insurance company or association doing
101 business in this state, the amount of such tax shall be equal
102 to the gross premiums received from residents of Iowa, less
103 dividends paid in cash or applied toward the payment of said
104 premiums, and less reinsurance premiums paid thereon to
105 licensed companies, multiplied by a rate of forty hundredths
106 per cent (40/100%). No insurance company shall be taxed
107 under any other provision of this act.

108 (l) For each business concern or enterprise engaging
109 or continuing in this state in any business not expressly
110 included in any of the preceeding subdivisions of this
111 section, the amount of such tax shall be equal to the gross
112 income of each such business multiplied by a rate of sixty
113 hundredths per cent (60/100%):

114 The "gross income" or "gross proceeds of sales"
115 derived by business concerns from transactions which can
116 properly be classified and taxed under a different
117 classification than the principal business carried on,
118 shall be taxed at the rates so provided by this section
119 for such different classification.

120 Nothing herein contained shall be construed so as to
121 require the use of any gross income in the measure of the

122 tax levied under subdivisions c, d, e, f, g, h, i, j or l
123 of this section that has been included in the measure of
124 the tax levied under the preceding sections hereof.

1 Section 6. Any business concern, as herein defined,
2 which shall engage or continue in any business for which
3 a franchise or privilege tax is imposed by this act, shall
4 be deemed to have applied for and to have duly obtained
5 from the State of Iowa such a franchise or license to engage
6 in and to conduct such business for the current tax year,
7 upon the condition that it shall pay the tax accruing to the
8 State of Iowa under the provisions of this act; and shall
9 hereby be licensed to engage in and conduct such business.

1 Section 7. All business concerns exercising any rights
2 or privileges taxable under subdivisions a, b, c, d, e, f,
3 g, h, i, j or l and who produce coal the production of which
4 is taxable under subdivision "a" and use or consume same in
5 their business, shall be deemed to be engaged in the business
6 of mining and producing coal for sale, profit or use, and
7 shall be required to pay a tax thereon and make returns on
8 account of the production of said coal showing the gross
9 proceeds therefrom, or the equivalent thereof, in accordance
10 with uniform and equitable rules for determining the value
11 upon which such privilege tax shall be levied, corresponding
12 as nearly as possible to the gross proceeds from the sale
13 of similar products of like quality or character by other
14 business concerns, which rules the board shall prescribe

15 and publish.

1 Sec. 8. In determining value as regards sales
2 from one to another of affiliated business concerns or
3 under other circumstances where the relation between the
4 buyer and seller is such that the gross proceeds from the
5 sale are not indicative of the true value of the subject
6 matter of the sale, the board shall prescribe uniform and
7 equitable rules for determining the value upon which such
8 privilege tax shall be levied, corresponding as nearly as
9 possible to the gross proceeds from the sale of similar
10 products of like quality or character by such business
11 concern where no common interest exists between the buyer
12 and seller, but otherwise under similar circumstances and
13 condition; except when any business concern specified in
14 sub-divisions (a) and (b) of this section shall market its
15 product, in whole or in part, through its wholly owned
16 subsidiary then said subsidiary shall make a return, and pay
17 a tax, at the rate specified for the parent concern, on the
18 gross proceeds of sales made by said subsidiary of such
19 product; and in such event the parent concern shall not
20 include in its return, or pay a further tax thereon, the sale
21 or transfer of its product so marketed through its subsidiary.
22 This provision shall not apply to any retail sales made by
23 such subsidiary, nor shall it apply to any sales made by any
24 subsidiary of products not manufactured or produced by the
25 parent corporation.

1 Sec. 9. The term “gross income” of all business concerns
2 mentioned in Section 5, sub-divisions (f), (g) and (h) is
3 hereby declared and shall be construed to mean all income from
4 business beginning and ending within this state, and the term
5 “gross income” for all other business concerns taxed hereunder
6 shall mean the value proceeding or accruing from the sale
7 of tangible property, whether real or personal, or service
8 or both and all receipts, actual or accrued, by reason of
9 investment of capital of the business engaged in, including
10 interest, discount, rentals, royalties, fees or other
11 emoluments however designated and without any deduction on
12 account of the cost of property sold, the cost of the
13 materials used, labor costs, interest or discount paid or
14 any other expense whatsoever; and without any deduction on
15 account of loss; also receipts of income derived from any
16 source whatsoever, except value proceeding or accruing from:

17 (1) The sale of intangible property, but shall include
18 gross profit from such sale;

19 (2) The sale of horticultural or agricultural products,
20 including live stock, dairy and poultry products raised or
21 produced by individuals in this state when sold by such
22 individual producer thereof, either at the place of production
23 or in a primary market therefor.

24 Provided, however, that dividends, interest, rentals,
25 and other distribution of revenue or property, made by a
26 corporation which has actually paid the tax for the current

27 year on gross income, as provided herein, shall not be
28 included in the taxable gross income of another corporation,
29 which through direct or indirect stock ownership owns
30 substantially all of the voting corporate stock of the
31 corporation so taxed.

1 Sec. 10. The term "gross proceeds of sales" shall
2 mean the value proceeding or accruing from the sale of
3 tangible property without any deduction on account of the
4 cost of property sold, expense of any kind, or loss, but
5 said term shall not include proceeds received from the sale
6 of property sold for delivery out of this state or which are
7 delivered to a carrier for direct transportation out of said
8 state.

1 Sec. 11. The terms "gross proceeds of sales" and
2 "gross income" do not include any tax collected from the
3 purchaser or consumer in the form of a tax imposed by the
4 state or federal government.

1 Sec. 12. The term "business concern", as used in
2 this act, shall include any individual, firm, co-partnership,
3 joint adventure, association, corporation, trust,
4 or any other
5 group or combination acting as a unit, and the plural as
6 well as the singular number, unless the intention to give a
7 more limited meaning is disclosed by the context.

1 Sec. 13. There are exempted from the provisions of
2 Part Three of this act:

3 (a) Individuals engaged solely or principally in the
4 business of buying and selling live stock or other
5 agricultural products.

6 (b) Labor organizations.

7 (c) Agricultural and horticultural societies and
8 organizations not operated for profit.

9 (d) Burial associations and cemetery companies which
10 are organized and operated exclusively for the benefit of
11 their members.

12 (e) Corporations, associations or societies organized
13 and operated exclusively for religious, charitable, scientific
14 or educational purposes.

15 (f) Business leagues, chambers of commerce, boards of
16 trade, civic leagues and organizations operated exclusively
17 for the benefit of communities and the promotion of social
18 welfare.

19 Provided that none of said companies, organizations,
20 corporations or societies named in this section are organized
21 for profit and no part of the income of which inures to the
22 benefit of any private stockholder or individual.

1 Sec. 14. On or before ninety days after the end of
2 the tax year each business concern taxed under section 5,
3 sub-sections (f), (g) or (h) and on or before thirty days
4 after the end of the tax year all other business concerns
5 taxed under section 5 shall make a return showing the annual
6 gross proceeds of sales or annual gross income of business,

7 and compute the amount of tax chargeable against it in
8 accordance with the provisions of Part Three of this act,
9 and deduct the amount of quarterly or semi-annual payments,
10 as hereinbefore provided, and transmit in compliance with
11 its report a remittance covering the residue of the tax
12 chargeable against it to the treasurer of state. Such return
13 shall be verified by the oath of the taxpayer if made by an
14 individual or by the oath of the president, vice-president,
15 secretary or treasurer of a corporation if made on behalf of
16 a corporation and if made on behalf of a partnership, joint
17 adventure, association, trust, municipality or other
18 political subdivision of the State or any other group
19 or combination acting as a unit, any individual delegated
20 by such firm, partnership, joint adventure, association,
21 trust, municipality or other political subdivision of
22 the State or any other group or combination acting as a
23 unit shall make the oath on behalf of the taxpayer. If
24 for any reason it is not practicable for the taxpayer
25 to make the oath the same may be made by any duly
26 authorized agent. The board may for good cause shown
27 extend the time for making annual return upon the
28 application of any taxpayer and give such reasonable
29 additional time within which to make the same, as deemed
30 advisable.

PART FOUR—PERSONAL INCOME TAX

1 Sec. 15. A tax is hereby imposed upon every non-

2 resident of this state, insofar as income is derived from
3 property located or business transacted within this state,
4 and upon every individual resident of this state with
5 respect to his entire taxable income, as herein defined,
6 which tax shall be levied annually, and collected semi-
7 annually, computed at the following rates:

8 (a) On the first one thousand dollars (\$1,000) of
9 taxable income, or any part thereof, one per cent (1%).

10 (b) On the next one thousand dollars (\$1,000) of
11 taxable income, or any part thereof, two per cent (2%).

12 (c) On the next one thousand dollars (\$1,000) of
13 taxable income, or any part thereof, three per cent (3%).

14 (d) On the next one thousand dollars (\$1,000) of
15 taxable income, or any part thereof, four per cent (4%).

16 (e) On all taxable income in excess of four thousand
17 dollars (\$4,000), five per cent (5%).

1 Sec. 16. The tax imposed by this act shall apply
2 to and become a charge against estates or trusts, which tax
3 shall be levied, collected and paid annually upon and with
4 respect to the net income, as herein defined, of such
5 estates or trusts, from any source whatsoever, according to
6 such rules and regulations as shall be adopted, promulgated
7 and published by the board.

1 Sec. 17. The term "gross income", as used in Part
2 Four hereof, includes gains, profits and incomes derived
3 from salaries, wages or compensation for personal service,

4 of whatever kind and in whatever form paid, or from
5 professions, vocations, trades, business, commerce, or sales,
6 or dealings in property, whether real or personal, growing
7 out of the ownership or use of or interest in such property;
8 also from interest, rent, dividends, securities or the
9 transaction of any business carried on for gain or profit;
10 or gains or profits, and income derived from any source
11 whatever and in whatever form paid. The amount of all such
12 items shall be included in the gross income of the tax year
13 in which received by the taxpayer, unless, under the methods
14 of accounting permitted under this act, any such amounts
15 are to be properly accounted for as of a different period.

16 The term "gross income", as used in Part Four hereof,
17 does not include the following items which shall be exempt
18 from taxation under this act:

19 (a) Amounts received under life insurance
20 contract by reason of the death of the insured, whether
21 in a single payment, or in installments thereof, except
22 when such amounts are held by the insurer under an agreement
23 to pay interest thereon the interest shall be included in
24 gross income.

25 (b) Amounts received, other than amounts paid
26 by reason of the death of the insured and interest payments
27 on such amounts, under a life insurance, endowment or
28 annuity contract, but if such amounts (when added to amounts
29 received before the taxable year under such contract) exceed

30 the aggregate premiums or consideration paid (whether or
31 not paid during the taxable year) then the excess shall be
32 included in gross income. In the case of a transfer for a
33 valuable consideration, by assignment or otherwise, of a
34 life insurance, endowment, or annuity contract, or any
35 interest therein, only the actual value of such consideration
36 and the amount of the premiums and other sums subsequently
37 paid by the transferee shall be exempt from taxation under
38 subdivision (a) hereof.

39 (e) The value of property acquired by gift,
40 bequest, devise or descent but the income from such property
41 shall be included in gross income.

42 (d) Interest upon the obligations of the United
43 States or its possessions, agencies or instrumentalities,
44 which is or shall be exempt from state taxation by Federal
45 law.

46 (e) Salaries, wages and other compensation
47 received from the United States by officials or employees
48 thereof which are or shall be exempt from state taxation
49 by Federal law.

50 (f) Any amounts received through accident or
51 health insurance or under workmen's compensation acts as
52 compensation for personal injuries or sickness, plus the
53 amount of damages received, whether by suit or agreement,
54 on account of such injuries or sickness.

2 of the taxpayer less the deductions allowed by this act.

1 Sec. 19. In computing net income there shall be

2 allowed as deductions from the gross income :

3 (a) All the ordinary and necessary expenses paid
4 during the tax year in carrying on any trade or business,
5 including a reasonable allowance for salaries or other
6 compensation for personal service actually rendered,
7 traveling expenses while away from the regular place of
8 business in pursuit of trade or business, and including
9 rentals or other payments required to be made as a condition
10 to the continued use or possession, for the purpose of the
11 trade or business, of property to which the taxpayer has not
12 taken or is not taking title or in which he has no equity.

13 (b) All interest paid or accrued during the tax year
14 on indebtedness, except on indebtedness incurred or continued
15 to purchase or carry obligations or securities, the interest
16 on which is exempt from taxation under this act; provided,
17 that no interest incurred prior to the beginning of the
18 first tax year as provided in this act, chargeable against
19 business operations of prior years, shall be treated as
20 deductions hereunder.

21 (c) Taxes paid or accrued within the tax year, imposed
22 by the authority of the United States or of any of its
23 possessions or of any state or political subdivision thereof,
24 territory or the District of Columbia or of any foreign
25 county; except inheritance taxes, federal estate taxes or

26 estate taxes of this or any other state, and except income
27 taxes imposed by this act and taxes assessed for local
28 benefits, of any kind tending to increase the value of the
29 property assessed.

30 (d) Actual losses sustained during the tax year and not
31 compensated for by insurance or otherwise, if incurred in
32 trade or business.

33 (e) Actual losses sustained during the tax year and
34 not compensated for by insurance or otherwise, if incurred
35 in any transaction entered into for profit, though not
36 connected with the trade or business; but in the case of a
37 non-resident taxpayer, only as to such transactions in
38 real property or intangible personal property having an
39 actual situs within the state.

40 (f) Losses deducted under the foregoing paragraphs
41 (d) and (e) shall be ascertained and computed upon the same
42 basis as provided in section 22 of this act.

43 (g) Debts ascertained to be worthless and charged off
44 within the tax year if the amount has previously been
45 included in gross income in a return under this act.

46 (h) A reasonable allowance for the depreciation,
47 exhaustion, wear and tear and obsolescence of property used
48 in the trade or business, and in the case of mines or other
49 natural deposits and timber, a reasonable allowance for
50 depletion; provided that in computing the deductions allowed
51 under this paragraph the basis shall be the cost (including

52 in the case of mines and other natural deposits) the cost
53 of development (not otherwise deducted), and in the case of
54 property acquired prior to the beginning of the first tax
55 year as provided in this act the fair market value of the
56 property on that date shall be taken in lieu of the cost
57 up to that date. The reasonable allowance under this
58 paragraph shall be made under rules and regulations to be
59 prescribed by the board. In the case of leases the deductions
60 allowed may be equitably apportioned between the lessor and
61 the lessee.

62 (i) Contributions made within the taxable year to
63 or for the use of charity. This deduction is limited to
64 an amount which does not exceed five (5) per cent of the
65 taxpayer's net income, computed without the benefit of such
66 deductions.

67 (j) If for any tax year it appears on the production
68 of evidence satisfactory to the board that any taxpayer
69 has sustained a net loss, the amount thereof shall be deducted
70 from the net income of the taxpayer during the succeeding tax
71 year; and if such net loss is in excess of the net income
72 for such succeeding tax year, the amount of such excess shall
73 be held as a deduction in computing the net income for the
74 next two succeeding tax years, the deduction in all cases to
75 be made under regulations prescribed by the board.

76 (k) The deductions allowed in this section shall be
77 allowed only if and to the extent that they are connected

78 with the income arising from sources in the state and taxable
79 under this act.

80 (1) In computing the income no deduction shall in
81 any case be allowed in respect to the following:—Personal,
82 living or family expenses; any amount paid out for new
83 buildings or for permanent improvements or betterments, made
84 to increase the value of any property or estate; any amount
85 expended in restoring property or in making good the
86 exhaustion thereof, for which an allowance is or has been
87 made; premiums paid on any life insurance policy covering
88 the life of any officer or employee or of any individual
89 financially interested in any trade or business carried on
90 by the taxpayer, when the taxpayer is directly or indirectly
91 a beneficiary under such policy.

1 Sec. 20. Exemptions. There shall be deducted from the
2 tax after the same shall have been computed as set forth in
3 this act a personal exemption for individuals as follows:

4 Provided, however, that the minimum tax under this act
5 levied against persons having taxable income shall be three
6 dollars (\$3.00);

7 (a) For an individual, six dollars (\$6.00).

8 (b) For husband and wife or head of family,
9 twelve dollars (\$12.00).

10 (c) For each child under eighteen (18) years of
11 age who is actually supported by and dependent upon the
12 taxpayer for his support, an additional two dollars (\$2.00).

13 A husband and wife living together shall receive but
14 one personal exemption. If such husband and wife make
15 separate returns, the personal exemption shall be taken by
16 either or divided between them.

17 If the status of the taxpayer, insofar as it affects
18 the personal exemption or the credit of the dependents,
19 changes during the taxable year, such personal exemptions
20 or credits shall be apportioned, under rules and regulations
21 prescribed by the board, in accordance with the number of
22 months before and after such change.

1 Sec. 21. When property is exchanged for other property
2 having a readily ascertainable market value, the property
3 received in exchange shall, for the purpose of determining
4 gain or loss, be treated as the equivalent of cash to the
5 amount of its fair market value, if any, but even if property
6 received in exchange has a readily ascertainable market value,
7 no gain or loss shall be recognized:

8 (1) When in the reorganization, recapitalization
9 or other change in identity, form, or place of organization,
10 however affected, consolidation or merger of one or more
11 corporations a taxpayer receives in place of any stock, or
12 securities owned by him, stock or securities in a corporation
13 a party to or resulting from such reorganization, consolidation
14 or merger, or

15 (2) When a taxpayer or taxpayers transfer any
16 property, real, personal or mixed, to a corporation and

17 immediately after the transfer is or are in control of such
18 corporation by a stock ownership acquired by the transfer
19 of such property for stock of the corporation.

20 When property is exchanged for other property and no
21 gain or loss is recognized, the property received shall be
22 treated as taking the place of the property exchanged therefor.

INSTALLMENT BASIS

1 Sec. 22. (a) Dealers in personal property. Under
2 regulations prescribed by the board, any person who regularly
3 sells or otherwise disposes of personal property on the
4 installment plan may return as income therefrom in any tax
5 year that proportion of the installment payments actually
6 received in that year which the gross profit realized or to
7 be realized when payment is completed, bears to the total
8 contract price.

9 (b) Sales of realty and casual sales of personalty.
10 In the case (1) of a casual sale or other casual disposition
11 of personal property other than property of a kin which
12 would properly be included in the inventory of a taxpayer
13 if on hand at the close of the tax year, for a price
14 exceeding one thousand dollars (\$1,000), or (2) of a
15 sale or other disposition of real property, if in either
16 case the initial payments do not exceed 40 per centum of
17 the selling price, the income may, under regulations
18 prescribed by the board, be returned on the basis and in
19 the manner above prescribed in this section. As used in

20 this section the term “initial payments” means the payments
21 received in cash or property other than evidence of
22 indebtedness of the purchaser during the tax period in which
23 the sale or other disposition is made.

24 (c) Change from accrual to installment basis. If a
25 taxpayer entitled to the benefits of subsection (a) elects
26 for any tax year to report his net income on the installment
27 basis, then in computing his income for the year of change
28 or any subsequent year, amounts actually received during any
29 such year on account of sales or other dispositions of
30 property made in any prior year; provided no tax shall be
31 imposed on any income accrued from sales made prior to the
32 taking effect of this act.

33 (d) Gain or loss upon disposition of tax. If an
34 installment tax is satisfied at other than its face value
35 or distributed, transmitted, sold or otherwise disposed of,
36 gain or loss shall result to the extent of the difference
37 between the basis of the obligation and (1) in the case of
38 satisfaction at other than face value or a sale or exchange—
39 the amount realized, or (2) in the case of a distribution,
40 transmission, or disposition otherwise than by sale or
41 exchange—the fair market value of the obligation at the time
42 of such distribution, transmission or disposition. The
43 basis of the obligation shall be the excess of the face
44 value of the obligation over an amount equal to the income
45 which would be returnable were the obligation satisfied

46 in full.

1 Sec. 23. For the purpose of ascertaining the gain
2 derived or loss sustained from the sale or other disposition
3 of property, real, personal or mixed, the basis shall be, in
4 case of property acquired on or after January 1, 1933, the
5 cost thereof, or the inventory value, if the inventory is
6 made in accordance with this act.

7 In case of property acquired prior to January 1, 1933
8 and disposed of thereafter.

9 (a) No profit shall be deemed to have been derived if
10 either the cost or the fair market price or value on January
11 1, 1933 exceeds the value realized.

12 (b) No loss shall be deemed to have been sustained if
13 either the cost or the fair market price or value on
14 January 1, 1933 is less than the value realized.

15 (c) Where both cost and the fair market price or
16 value on January 1, 1933 are less than the value realized,
17 the basis for computing profit shall be the cost or the
18 fair market price or value on January 1, 1933 whichever is
19 higher.

20 (d) Where both the cost and the fair market price or
21 value on January 1, 1933 are in excess of the value realized,
22 the basis for computing loss shall be the cost or the fair
23 market price or value on January 1, 1933 whichever is lower.

24 (e) Any partial or final distribution to the taxpayer
25 of the assets of a corporation shall be treated as a sale

26 of the stocks or securities of the corporation owned by him
27 and the gain or loss shall be computed accordingly.

1 Sec. 24. Every individual having a net income for
2 the tax year from sources taxable under this act of three
3 hundred dollars (\$300.00) or over, if single, or if married
4 and not living with husband or wife; or having a net income
5 for the tax year of nine hundred dollars (\$900.00) or over
6 if married and living with husband or wife; and every
7 partnership doing business in this state shall make a return
8 under oath, stating specifically the items of gross income
9 and the deductions and exemptions allowed by this act.

10 If husband and wife living together have an aggregate
11 net income of nine hundred dollars (\$900.00) or over, each
12 shall make such a return, unless the income of each is
13 included in a single joint return.

14 If the taxpayer is unable to make his own return, the
15 return shall be made by a duly authorized agent or by a
16 guardian or other person charged with the care of the person
17 or property of such taxpayer.

18 Provided, also, that every individual having a gross
19 income of four thousand dollars (\$4,000) a year or over,
20 shall file a return.

1 Sec. 25. Every fiduciary subject to taxation under
2 the provisions of this act, as provided in section 16 hereof,
3 shall make a return under oath for the individual, estate or
4 trust for whom or for which he acts, if the net amount

5 thereof amounts to three hundred dollars (\$300.00) or
6 more or the gross amount thereof amounts to one thousand
7 dollars (\$1,000) or more.

8 The return made by a fiduciary shall state specifically
9 the items of gross income, and the deductions and exemptions
10 allowed by this act and such other facts as the board may
11 prescribe. Under such regulations as the board may prescribe,
12 a return may be made by one of two or more joint fiduciaries.

13 Fiduciaries required to make returns under this act
14 shall be subject to all the provisions of this act which
15 apply to individuals.

1 Sec. 26. Every person or corporation being a resident
2 of or having a place of business in this state, in whatever
3 capacity acting, including lessees or mortgagors of real or
4 personal property, fiduciaries, employers and all officers
5 and employees of the state or of any political subdivision
6 of the state, having the control, receipt, custody, disposal
7 or payment of interest other than interest coupons payable
8 to bearer, rent, salaries, wages, premiums, annuities,
9 compensations, remunerations, emoluments or other fixed or
10 determinable annual or periodical gains, profits and income,
11 amounting to three hundred dollars or over, paid or payable
12 during any year to any resident, shall make complete return
13 thereof under oath, to the board, under such regulations
14 and in such form and manner and to such extent as may be
15 prescribed by it.

16 Every partnership, having a place of business in the
17 state, shall make a return, stating specifically the items
18 of its gross income and the deductions allowed by this act,
19 and shall include in the return the names and addresses of
20 the individuals who would be entitled to share in the net
21 income if distributed, and the amount of the distributive
22 share of each individual. The return shall be sworn to by
23 any one of the partners.

24 Every fiduciary shall make, under oath, a return for
25 the individual, estate or trust for whom or for which he
26 acts, and shall set forth in such returns the items of the
27 gross income, the deductions allowed by this act, the net
28 income, the names and addresses of the beneficiaries, the
29 amounts distributed or distributable to each and the amount,
30 if any, lawfully retained by him for future distribution.
31 Such return may be made by one of two or more joint
32 fiduciaries.

1 Sec. 27. Returns and reports shall be in such form as
2 the board may, from time to time prescribe, and
3 unless otherwise provided in this act, shall be filed with the
4 board within ninety days after expiration of the tax year.
5 In case of sickness, absence or other disability, or whenever,
6 in its judgment, good cause exists, the board may allow
7 further time for filing returns. There shall be annexed
8 to the return or the report the affidavit or affirmation
9 of the taxpayer making the return to the effect that the

10 statements contained therein are true. Under such rules and
11 regulations as the board may prescribe, affiliated corporations
12 may file consolidated returns.

13 The board shall cause to be prepared blank forms for
14 said reports and returns and shall cause them to be
15 distributed throughout the state and to be furnished upon
16 application, but failure to receive or secure the form shall
17 not relieve the taxpayer from the obligation of making any
18 return or report herein required.

1 Sec. 28. If the board shall be of the opinion that any
2 person required under this act to file a report or make a
3 return has failed to file such a report or return or to
4 include in a return filed, either intentionally or through
5 error, items of sales, transactions or taxable income, it may
6 require from such taxpayer a return or supplementary return,
7 under oath, in such form as it shall prescribe, of all the
8 items of business done, sales made, transactions completed
9 or income received by the taxpayer during the period for
10 which the return or report is made, whether or not taxable
11 under the provisions of this act. If from a supplementary
12 return, or otherwise, the board finds that any items of
13 income taxable under this act, have been omitted from the
14 original return it may require the items so omitted to be
15 disclosed under oath of the taxpayer, and to be added to the
16 original return or report. Such supplementary return and
17 the correction of the original return shall not relieve the

18 taxpayer from any of the penalties to which he may be liable
19 under any provisions of this act whether or not the board
20 required a return or supplementary return under this section.

1 Sec. 29. The return by an individual, who, while
2 living, was subject to income tax in the state during the
3 tax year, and who has died before making the return, shall
4 be made in his name and behalf by the administrator or
5 executor of the estate and the tax shall be levied upon and
6 collected from his estate.

1 Sec. 30. Where the board has reason to believe that
2 any taxpayer so conducts his trade or business as either
3 directly or indirectly to distort his true net income and
4 the net income properly attributable to the state, whether
5 by the arbitrary shifting of income, through price fixing,
6 charges for services, or otherwise, whereby the net income
7 is arbitrarily assigned to one or another unit in a group
8 of taxpayers carrying on business under a substantially
9 common control, it may require such facts as it deems
10 necessary for the proper computation of the entire net
11 income and the net income properly attributable to the
12 state, and in determining the same the board shall have
13 regard to the fair profits which would normally arise from
14 the conduct of the trade or business.

PART FIVE—COLLECTION OF TAXES

1 Sec. 31. Time and place of payment. The personal income tax
2 and franchise tax may be paid in two installments, each consisting

3 of one-half of the total amount of the tax. The first installment
4 shall be remitted with the return and the second installment shall
5 be paid on or before six months after the date fixed for filing the
6 return; provided, however, that in case the total amount of the tax
7 shall be ten dollars or less, then, and in that case, the whole amount
8 of the tax shall be paid at the time of filing the return. All other
9 taxes imposed by this Act shall be paid quarterly.

10 When, at the request of the taxpayer, the time for filing the
11 return or report is extended, interest at the rate of six per cent
12 (6%) per annum on the amount of tax then due from the time when the
13 return was originally required to be filed to the time of payment,
14 shall be added and paid.

15 In the event any taxpayer fails or refuses to make any report
16 or return or fails or refuses to pay any tax reported, or fails or
17 refuses to do or perform any act or thing required to be done or
18 performed under the provisions of this Act or under the provisions
19 of any rule or regulation promulgated or prescribed hereunder, the
20 board shall make such report, or perform such act and compute the
21 amount of tax due, and there is hereby imposed upon such taxpayer
22 failing or refusing to perform such act or pay such tax a penalty
23 in the amount of twenty (20) per cent of the amount of the tax which
24 should otherwise have been paid or reported or shown in addition to
25 other penalties herein described.

1 Sec. 32. Examination of returns. As soon as practicable after
2 the return is filed the board shall examine it and compute the tax,
3 and the amount so computed by the board shall be the tax. If the

4 tax found due shall be greater than the amount theretofore paid,
5 the amount due shall be paid within ten days after the board has
6 mailed the taxpayer a copy of the corrected assessment.

1 Sec. 33. If the return or the report is made in good faith
2 and the understatement of the tax is not due to any fault of the
3 taxpayer, there shall be no penalty or additional tax added be-
4 cause of the understatement, but interest shall be added to the
5 amount of the deficiency at the rate of one-half per cent ($\frac{1}{2}\%$)
6 for each month or fraction of a month.

7 If the understatement is due to negligence on the part of
8 the taxpayer, but without intent to defraud, there shall be added
9 to the amount of the deficiency five per cent (5%) thereof, and
10 in addition, interest at the rate of one-half per cent ($\frac{1}{2}\%$) per
11 month or fraction of a month.

12 If the understatement is found by the board to be false or
13 fraudulent, with intent to evade the tax, the tax on the additional
14 business or income discovered to be taxable shall be doubled and an
15 additional one per cent (1%) per month or fraction of a month shall
16 be added.

17 The interest provided for in this section shall in all cases
18 be computed from the date the return or report was originally re-
19 quired to be filed to the date of payment.

20 All payments received for any tax due under this act must be
21 credited, first, to penalty and interest accrued, and then to tax
22 due.

1 Sec. 34. Additional taxes. If the board discovers from the

2 examination of the return or report or otherwise that the business
3 or income of any taxpayer, or any portion thereof, has not been
4 assessed, it may at any time within two years after the time when
5 the return was due, compute the tax and give notice to the taxpayer
6 of the proposed assessment, and the taxpayer shall thereupon have
7 an opportunity, within thirty days, to file an appeal with the board
8 and a hearing shall be granted and a final decision thereon shall
9 be made by the board as soon as possible. The limitation of two
10 years to the assessment of such tax or additional tax shall not
11 apply to the assessment of additional taxes upon fraudulent re-
12 turns. After the expiration of thirty days from such notification,
13 if no appeal has been filed or after such hearing if such appeal
14 has been filed, the board shall assess the income of such taxpayer
15 or any portion thereof which it determines has not theretofore
16 been assessed and shall give notice to the taxpayer so assessed of
17 the amount of the tax and interest and penalties, if any, and the
18 amount thereof shall be due and payable within ten days from the
19 date of such notice. The provisions of this act with respect to
20 revision and appeal shall apply to a tax so assessed. No addition-
21 al tax amounting to less than five dollars shall be assessed.

1 Sec. 35. Warrant for the collection of taxes. If any tax
2 imposed by this act or any portion of such tax be not paid within
3 sixty days after the same becomes due, the board may issue a warrant
4 under its official seal, directed to the sheriff of any county of
5 the state commanding him to levy upon and sell the real and personal
6 property of the taxpayer found within his county, for the payment of

7 the amount thereof, with the added penalties, interest and cost of
8 executing the warrant, and to return such warrant to the board and
9 pay to the treasurer of state the money collected by virtue thereof
10 by a time to be therein specified, not less than sixty days from the
11 date of the warrant. The sheriff shall within five days after the
12 receipt of the warrant, file with the clerk of the district court
13 of his county a copy thereof, and thereupon the clerk shall enter in
14 the judgment docket, in the column for judgment debtors, the name of
15 the taxpayer mentioned in the warrant, and in appropriate columns
16 the amount of the tax or portion thereof and penalties for which the
17 warrant is issued and the date when such copy is filed, and thereupon
18 the amount of such warrant so docketed shall become a lien upon the
19 title to and interest in real property of the taxpayer against whom
20 it is issued in the same manner as a judgment duly docketed in the
21 office of such clerk. The said sheriff shall thereupon proceed upon
22 the same in all respects, with like effect and in the same manner
23 prescribed by law in respect to executions issued against property
24 upon judgment of a court of record, and shall be entitled to the
25 same fees for his services in executing the warrant, to be collected
26 in the same manner.

1 Sec. 36. Tax a debt. Every tax imposed by this act, and all
2 increases, interest and penalties thereon shall become, from the
3 time it is due and payable, a personal debt from the taxpayer liable
4 to pay the same to the state of Iowa, and all property of the taxpayer
5 whether exempt from execution or not, shall be liable for satisfaction
6 of the debt.

1 Sec. 37. Lien. Any tax as herein provided, which has been re-
2 ported and not paid, or the amount found to be due by the board under
3 provisions of this act, shall be a lien upon any and all real and
4 personal property within the county of the delinquent taxpayer, which
5 such lien shall be preserved, and enforced; and such delinquent tax
6 shall be collected in the same manner and at the same time as liens
7 and taxes upon real and personal property and moneys and credits are
8 preserved, enforced and collected under the provisions of existing
9 law.

1 Sec. 38. Action for recovery of taxes. Action may be brought,
2 within three years from the time for filing the return, by the attorney
3 general of the state, and shall be brought by him upon the request of
4 the board, in the name of the State, to recover the amount of any
5 taxes, penalties and interest due under this act.

1 Sec. 39. Tax upon settlement of fiduciary's account. No final
2 account of a fiduciary shall be allowed by any court unless such
3 account shows, and the judge of said court finds, that all taxes im-
4 posed by the provisions of this act upon said fiduciary, which have
5 become payable, have been paid, and that all taxes which may become
6 due are secured by bond, deposit or otherwise. The certificate of
7 the board and the receipts for the amount of the tax therein certi-
8 fied shall be conclusive as to the payment of the tax to the extent
9 of said certificate.

10 For the purpose of facilitating the settlement and distribution
11 of estates held by fiduciaries, the board may, on behalf of the state,
12 agree upon the amount of taxes at any time due or to become due from

13 such fiduciaries under the provisions of this act, and payment in
14 accordance with such agreement shall be full satisfaction of the
15 taxes to which the agreement relates.

1 Sec. 40. Penalties. If any taxpayer, without intent to evade
2 any tax imposed by this act, shall fail to file a report or return
3 of income, or pay a tax, if one is due at the time required by or
4 under the provisions of this act, but shall voluntarily file a
5 corrected report or return of income and pay the tax due, within
6 sixty days thereafter, there shall be added to and made a part of
7 the tax an additional amount equal to five per cent (5%) thereof.

8 If any taxpayer fails voluntarily to file a report or a return
9 of income, or to pay a tax, if one is due, within sixty days of the
10 time required by or under the provisions of this act, the tax rates
11 shall be increased by twenty per cent (20%).

12 If any taxpayer fails to file a return or a report within sixty
13 days of the time prescribed by this act, any judge of the district
14 court, upon petition of the board, shall issue a writ of mandamus
15 requiring such taxpayer to file a return. The order of notice upon
16 the petition shall be returnable not later than ten days after the
17 filing of the petition. The petition shall be heard and determined
18 on the return day or on such day thereafter as the court shall fix,
19 having regard to the speediest possible determination of the case,
20 consistent with the rights of the parties.

21 Any taxpayer who, without fraudulent intent, fails to pay any
22 tax or to make, render, sign, or verify any return or report, or to
23 supply any information within the time required by or under the pro-

24 visions of this act, shall be liable to a penalty of not more than
25 one thousand dollars to be recovered by the attorney general, in
26 the name of the State, by action in any court of competent jurisdiction.

27 Any taxpayer, who with intent to evade any requirement of this
28 act or any lawful requirement of the board thereunder shall fail to
29 pay any tax or to make, sign or verify any return or to supply any
30 information required by or under the provisions of this act, shall
31 be guilty of a misdemeanor and punished accordingly. Any person,
32 officer, director, trustee or agent, who with intent to evade any
33 of the requirements of this act, or any lawful requirement of the
34 board thereunder, shall make, render, sign or verify any false or
35 fraudulent reports or returns or statements, or shall supply any
36 false or fraudulent information, or who shall aid, abet, direct,
37 cause or who shall procure anyone to do so, shall be liable to a
38 penalty of not more than five thousand dollars, to be recovered by
39 the attorney general, in the name of the State, by action in any
40 court of competent jurisdiction, and shall also, upon conviction,
41 be punished by imprisonment in the penitentiary for a term of from
42 one to three years and by a fine of not less than one thousand
43 dollars nor more than five thousand dollars.

44 The failure to do any act required by or under the provisions
45 of this act shall be deemed an act committed in part at the office
46 of the board. The certificate of the board to the effect that a
47 tax has not been paid, that a return has not been filed or that
48 information has not been supplied, as required by or under the
49 provisions of this act, shall be prima facie evidence that such

50 tax has not been paid, that such return has not been filed or that
51 such information has not been supplied.

52 If any taxpayer has failed to file a return or make a report
53 or has filed an incorrect or insufficient return or report and has
54 been notified by the board of his delinquency and refuses to or
55 neglects, within twenty days after such notice, to file a proper
56 return or report, or files a fraudulent return or report, the board
57 shall determine the income of such taxpayer, according to its best
58 information and belief, and assess the same at not more than double
59 the amount so determined. The board may, in its discretion, allow
60 further time for filing a return in such case.

REVISION AND APPEAL

1 Sec. 41. Any taxpayer may appeal to the board for revision
2 of the tax assessed against him at any time within two years from
3 the time of the filing of the report or return or from the date
4 of the notice of the assessment of any additional tax. The board shall
5 grant a hearing thereon and if, upon such hearing, it shall determine
6 that the tax is excessive or incorrect, it shall adjust the same
7 according to the law and the facts and make computation of the tax
8 accordingly. The board shall notify the taxpayer of its findings
9 and shall refund to the taxpayer the amount, if any, paid in excess
10 of the tax found by it to be due with interest at six per cent per
11 annum from date of payment. If the taxpayer has failed without good
12 cause, to file a return within the time prescribed by law, or has
13 filed a fraudulent return, or, having filed an incorrect return,
14 has failed, after notice, to file a proper return, the board shall

15 not reduce the tax below the amount for which the taxpayer is found
16 to be properly assessed.

1 Sec. 42. The determination of the board upon application made
2 by a taxpayer for revision of any tax may be reviewed in any court
3 of competent jurisdiction by a complaint filed by the taxpayer
4 against the board in the county in which the taxpayer resides or
5 has his principal place of business, within sixty days after notice
6 by the board of its determination, given as provided in section 41.

7 Thereupon appropriate proceedings shall be had and the relief,
8 if any, to which the taxpayer may be found entitled may be granted
9 and any such taxes, interest or penalties paid, found by the court
10 to be in excess of those legally assessed, shall be ordered refund-
11 ed to the taxpayer, with interest at six per cent per annum from
12 time of payment. An appeal may be taken by the taxpayer, or the
13 board, to the District Court in the manner that appeals are taken
14 in suits in equity, irrespective of the amounts involved.

ADMINISTRATION

1 Sec. 43. The board shall administer, enforce, collect, and
2 receipt for the taxes herein imposed. Each member of said board
3 shall give a surety bond in the amount of \$10,000.00 signed as
4 surety by a corporation authorized to do a fidelity insurance
5 business in the state of Iowa, and the reasonable cost of said
6 bond shall be paid by the state. The board may divide the state
7 into districts for administrative purposes but shall not divide
8 any county in so doing.

9 The board is hereby authorized to make and modify such rules

10 and regulations as it may deem necessary to insure the proper ad-
11 ministration and enforcement of this act. Such rules and regulations
12 shall be in full force and effect from and after their publication
13 in two newspapers of general circulation in the state of Iowa.

1 Sec. 44. The board, for the purpose of ascertaining the
2 correctness of any return or for the purpose of making an estimate
3 of the taxable income of any taxpayer, shall have power: to ex-
4 amine, or cause to be examined by it or any agent or representative,
5 any or all books, papers, records or memoranda of said taxpayer;
6 to require by subpoena the attendance and testimony of witnesses;
7 to issue and sign subpoenas; administer oaths and affirmations;
8 to examine witnesses and receive evidence; to compel witnesses
9 to produce for examination books, papers, records, and documents
10 relating to any matter which it shall have the authority to
11 investigate or determine.

12 In all cases where it finds that the taxpayer has not properly
13 reported, or made his returns, as provided by law, and all hearings
14 where it decides a matter against the taxpayer, the board shall tax
15 the costs to the taxpayer, otherwise they shall be taxed to the
16 state.

17 The fees and mileage to be paid witnesses and taxed as costs
18 shall be the same as prescribed by law in proceedings in the
19 courts of this state in civil cases.

20 Where the costs are taxed to the taxpayer they shall be
21 added to the taxes assessed against said taxpayer and shall be
22 collected in the same manner.

23 In case of disobedience to a subpoena the board may invoke
24 the aid of any court of competent jurisdiction in requiring the
25 attendance and testimony or witnesses and production of records,
26 books, papers and documents, and such court may issue an order
27 requiring the person to appear before the board and give evidence
28 or produce records, books, papers and documents, as the case
29 may be, and any failure to obey such order of court may be
30 punished by the court as a contempt thereof.

31 Testimony on hearings before the board may be taken by
32 deposition as in civil cases, and any person may be compelled
33 to appear and depose in the same manner as witnesses may be
34 compelled to appear and testify as hereinbefore provided.

1 Sec. 45. The board is hereby authorized to examine the
2 books, records, papers, files and equipment of any retail merchant,
3 as defined herein, made taxable by this act, and, to that end,
4 shall have the power to examine witnesses under oath to verify
5 the accuracy of any return made under the provisions of this act,
6 or to ascertain whether or not any tax is due under the provisions
7 of this act by any retail merchant; and in the collection of said
8 tax, the board shall have the power and authority to institute
9 legal proceedings for the purpose of ascertaining the amount of
10 tax due and the collections thereof with the penalties thereon,
11 and the board shall be vested with all the powers under the laws
12 of the state for the collection of taxes. The board, at or after
13 the commencement of an action for the purpose of collecting the
14 amount of tax due and penalties and interest thereon, as set out

15 herein, may have an attachment against the property of the defend-
16 ant, including garnishees, without the execution of a bond, upon
17 the filing of an affidavit showing the nature of the claim, and
18 that it is just; also the sum which the board believes the plain-
19 tiff ought to recover, and that the collection of the demand will
20 be endangered by delay in obtaining judgment or a return of no
21 property found.

1 Sec. 46. The board may appoint and remove such agents,
2 auditors, clerks and employees as it may deem necessary, such
3 persons to have such duties and powers as the board may, from
4 time to time prescribe.

5 The salaries of all agents and employees shall be fixed by
6 the board subject to the approval of the executive council.

7 All such agents and employees shall be allowed such reasonable
8 and necessary traveling and other expenses as provided by law as
9 may be incurred in the performance of their duties.

10 The board may require such of the officers, agents and em-
11 ployees as it may designate to give bond for the faithful per-
12 formance of the duties in such sum and with such sureties as it
13 may determine and the state shall pay the premiums on such bonds.

1 Sec. 47. All officers empowered by law to administer oaths,
2 and all agents, auditors, and such other employees as the board
3 may designate, shall have power to administer an oath to any
4 person to take the acknowledgment of any person in respect of
5 any return or report required by this act or the rules and
6 regulations of the board.

1 Sec. 48. The board shall prepare and publish annually
2 statistics reasonably available, with respect to the operation
3 of this act, including amounts collected, classification of
4 taxpayers and such other facts as are deemed pertinent and
5 valuable.

1 Sec. 49. (a) Except in accordance with proper judicial
2 order, or as otherwise provided by law, it shall be unlawful
3 for the board, any deputy agent, auditor or other officer or
4 employee, to divulge or make known in any manner the amount of
5 sales, business or income, or any particulars set forth or dis-
6 closed in any report or return required under this act. Nothing
7 herein shall be construed to prohibit the publication of statistics
8 so classified as to prevent the identification of particular reports
9 or returns and the items thereof, or the inspection by the attorney
10 general or other legal representatives of the state of the report or
11 return of any taxpayer who shall bring action to set aside or review
12 the tax based thereon, or against whom an action or proceeding has
13 been instituted to recover any tax or any penalty imposed by this
14 act. Reports and returns shall be preserved for four years and
15 thereafter until the board orders them to be destroyed. Nothing
16 herein shall be construed to prohibit the delivery to a taxpayer
17 or his duly authorized representative of a certified copy of any
18 return or report filed in connection with his tax.

19 (b) Any person violating subdivision one of this section
20 shall be deemed guilty of a misdemeanor, and if the offender be an
21 officer or employee of the state he shall be dismissed from office

22 and shall be incapable of holding any public office in this state
23 for a period of five years thereafter.

24 (c) Every taxpayer shall, upon request of the board, furnish
25 for examination by said board, a copy of the return for the cor-
26 responding year which he has filed of may file with the federal
27 government of the United States, showing his gross and net income
28 and how obtained and the several sources from which derived. But
29 such copy shall not be filed with nor copied by the Board and no
30 information obtained therefrom shall be disclosed, unless required
31 to do so by a court of competent jurisdiction.

1 Sec. 50. All revenue arising under the operation of this act
2 collected by the treasurer of state shall be kept in a separate
3 trust fund fully protected against loss.

1 Sec. 51. (a) The board is hereby authorized to grant a re-
2 fund of any taxes erroneously or illegally assessed or collected
3 thereon, and all taxes that appear to it to be unjustly assessed
4 or excessive in amount, or in any manner wrongfully collected
5 under this act.

6 (b) Such refunds shall be ordered only after claims therefor
7 have been filed by the taxpayer and after hearing, investigation,
8 or other proofs under oath, as the board may require.

9 (c) No claim for refund shall be allowed by the board unless
10 a claim therefor has been filed, under oath, with the board within
11 two years after the payment of said tax, penalty or interest there-
12 on.

13 (d) Upon final determination by the board that such refund

14 shall be allowed, the said board shall certify the amount thereof
15 and the name of the claimant to the auditor of state, who, shall,
16 upon receipt of such certificate, draw his warrant upon the treas-
17 urer of state therefor, and the treasurer of state shall pay the
18 same out of any funds in the state treasury not otherwise appropriated.

PART SIX—DISTRIBUTION OF TAX

1 Sec. 52. All revenue arising under the operation
2 of this act and collected by the treasurer of state shall
3 be carried by him as a special tax fund entirely separate
4 from all other revenues of the State, which fund shall be
5 distributed from time to time upon order of the board in
6 accordance with the provisions of this act on warrants
7 drawn by the auditor of state upon direction of the board
8 and made payable to the several school districts of the
9 state as by this act hereinafter provided. The warrants
10 so drawn shall, upon presentation, be paid by the treasurer
11 of state out of said special fund.

1 Sec. 53. The revenue derived from the personal income
2 tax imposed by this act shall go to the general fund of
3 the state and shall be used to replace, to that extent, the
4 state tax on property. All revenue from Parts Two and
5 Three of this act to the amount of twenty-five million
6 dollars shall be used for the operation and maintenance
7 of the public schools of the state as hereinafter provided.
8 Annual revenues arising from Parts Two and Three of this
9 act in excess of twenty-five million dollars shall be kept

10 intact in a special trust fund.

11 ~~The revenues allocated to the public schools shall~~
12 be handled as follows: On the first day of February, June,
13 September, and December of each year, the board shall
14 apportion to the several school corporations of the State
15 the money then in the above mentioned special tax fund in
16 the proportion that the total number of teacher units
17 allotted to each school corporation, in the manner hereinafter
18 provided, bears to the total number of teacher units.

19 Every high school teacher unit shall be considered
20 the equivalent of one and one-half ($1\frac{1}{2}$) elementary teacher
21 units. (On order of the board the auditor of state shall
22 draw a warrant on the treasurer of state, payable to each
23 school corporation, in the amount to which it is entitled,
24 which warrant shall be sent by the treasurer of state to
25 the secretary of the proper school corporation. A complete
26 and accurate record of such disbursement shall be kept by
27 the treasurer of state. Upon receipt of such funds from
28 the treasurer of state the secretary of the school
29 corporation shall cause same to be deposited to the general
30 fund of said school corporation.

31 The above mentioned allotment of teacher units shall be
32 made annually by the superintendent of public instruction and
33 filed with the board on or before March first of each year,
34 together with the name and address of each secretary of each
35 school corporation in the State.

36 In making such allotment, the superintendent of public
37 instruction shall use the following method: (a) Elementary
38 Teacher Units. A school employing but one teacher for grades
39 one to eight inclusive shall be considered as a teacher unit,
40 regardless of its average daily attendance. In a district
41 employing more than one teacher for grades one to eight
42 inclusive, two teachers shall be counted for the first forty
43 of such pupils in average daily attendance, provided that not
44 more than one teacher unit may be allotted for the first
45 fifteen pupils in average daily attendance, and one teacher
46 for each additional twenty-seven pupils or major fraction
47 thereof, in average daily attendance, (b) High School
48 Teacher Units. In a district having an average daily
49 attendance of less than twenty-five (in grades nine to twelve
50 or less, inclusive, the superintendent of public instruction
51 shall use the actual number of teachers employed by such
52 district, not to exceed two, provided that not more than
53 one teacher unit may be allotted for the first fifteen
54 pupils in average daily attendance.) In a district having an
55 average daily attendance of forty or less in grades nine to
56 twelve or less, inclusive, two teachers shall be counted for
57 the first twenty-five of such pupils in average daily
58 attendance and one teacher for each additional fifteen or
59 major fraction thereof. In a district having an average daily
60 attendance of more than forty pupils in grades nine to twelve
61 or less inclusive, three teachers shall be counted for the

62 first forty of such pupils and one teacher for each additional
63 twenty-two pupils or major fraction thereof, of average daily
64 attendance.

65 In determining the number of teacher units to be allocated,
66 to any school corporation, the superintendent of public
67 instruction shall include both resident and non-resident pupils.

68 Each school corporation in the state, which is liable for the
69 payment of tuition as provided for in Section 4277, Code 1931,
70 shall be entitled to a refund at the close of any school year
71 of an amount for each pupil which such tuition shall have
72 been paid, such amount to be based upon the percentage of the
73 budget cost of operation of the district to which such tuition
74 is paid applied to the amount of tuition paid in each

75 individual case.) The superintendent of public instruction shall
76 make proper regulations covering the making of such refunds.
77 In any school corporation where the number of teachers actually
78 employed is less than the number of teacher units allotted to
79 that school, the superintendent of public instruction shall
80 use the number actually employed in determining the number of
81 teacher units to be allotted to that school.

82 The revenues derived from this act and subject
83 to allotment to the school districts of the State during
84 the period ending on June 30th in any calendar year shall
85 be held in trust for the various school districts by the
86 Treasurer of State until the budgets for such school
87 districts for the succeeding school year shall have been

88 adopted as provided by law. The board shall then allot
89 to each school district entitled to the benefit of such
90 funds its share as otherwise provided in this act. The
91 amount which such district may raise by a direct property
92 tax by levy for the succeeding school year shall then be
93 reduced by the amount of its allotment under this act.

PART SEVEN—GENERAL PROVISIONS

1 Sec. 54. Should a retail merchant taxable under Part Two hereof
2 be engaged, also, in whole or in part, in a business taxable
3 under Part Three hereof, or should a business concern taxable
4 under Part Three be engaged in whole or in part in a business
5 taxable under Part Two hereof, then such taxpayer shall be
6 taxed on the business so done under the proper classification
7 as though done separately, but there shall be no double taxation
8 under Parts Two and Three hereof on the same business transactions.
9 The board shall prescribe such rules and regulations as proper
10 and necessary to fulfill this provision.

1 Sec. 55. The tax imposed by this act shall be in addition
2 to all other licenses and taxes levied by law as a condition
3 precedent to engaging in any business taxable hereunder except
4 as in this act otherwise specifically provided.

1 Sec. 56. The secretary of state shall withhold the issuance
2 of any certificate of dissolution or withdrawal in the case of
3 any corporation organized under the laws of this state, or
4 organized under the laws of another state and admitted to do
5 business in this state, until the receipt of a notice from the

6 board to the effect that the tax levied under this act against any
7 such corporation has been paid, or provided for, if any such
8 corporation is a taxpayer under the law, or that such corporation is
9 not subject to pay a tax hereunder.

1 Sec. 57. All remittances of taxes imposed by this act shall
2 be made to the treasurer of state by cash, bank draft, certified
3 check, cashier's check or certificate of deposit, who shall issue
4 receipts therefor to the taxpayer; provided, however, that no
5 remittance other than cash shall be a final discharge of liability
6 for the tax hereby imposed unless and until it has been paid in
7 cash to the treasurer of state.

1 Sec. 58. It is not intended by the terms of this act to levy
2 or impose any tax or taxes on interstate or foreign commerce or
3 upon the exercise of any privilege, or the engaging in any pursuit,
4 business or commerce, which may be exempt from taxation under the
5 Constitution of the United States or under the Constitution
6 of the State of Iowa and the exercise of any such privilege
7 and the engaging in any such pursuit, business, vocation or
8 commerce shall be exempt from taxation under this act; and
9 no such tax or taxes are levied or imposed by this act, and
10 any expressions or provisions hereinabove contained, which
11 may be otherwise construed, are hereby expressly limited so
12 as not to levy or impose such tax or taxes.

1 Sec. 59. The provisions of this act are severable, and
2 if any section, paragraph, sentence, clause or word of this
3 act shall be held to be unconstitutional by the valid

4 judgment or decree of any court of competent jurisdiction,
5 such particular section, paragraph, sentence, clause or word
6 may be rejected without affecting the remainder of the act,
7 and the decisions of the courts shall not affect or impair
8 any of the remaining sections, paragraphs, sentences, clauses
9 or words of this act. It is hereby declared that it is the
10 legislative intent that this act and each word, clause,
11 sentence, paragraph and section thereof would have been
12 enacted had such unconstitutional section, paragraph,
13 sentence, clause or word not been included.

1 Sec. 60. In case of a conflict between the provisions
2 of this act and any existing law, the provisions of this
3 act shall control.

1 Sec. 61. This act shall take effect upon publication in
2 the Indianola Record, a newspaper published at Indianola, Iowa,
3 and the Van Buren Record, a newspaper published at Bonaparte,
4 Iowa, as provided by law, and the tax imposed by Part Four
5 shall become effective as of January 1, 1933, and the taxes
6 imposed by Parts Two and Three shall become effective July 1,
7 1933.