March 20, 1963. Reconsider Vote 4/19

Appropriations. Ways & Means 4/18 Motion withdrawn 4/18

House File 550

By COMMITTEE ON WAYS AND MEANS.
(Corrected copy.)

Passed House, Date 4-18-63 Passed Senate, Date .....

Vote: Ayes 61 Nays 40 Vote: Ayes ..... Nays .....

Approved .....

Ways & Means 4/18 Pass as amended 4/23

Reconsider Vote of H 4/18 ayes 61 nays 36

A BILL FOR

An Act to create a school property tax replacement fund, to provide for the revenue for its establishment, and to prescribe the method for making distribution from such fund, and to provide for revision in the general fund revenue to the state.

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

1 Section 1. This Act shall be known as the "School Property
2 Tax Replacement Fund" Act.

1 Sec. 2. Recognizing the state's continued interest in the
2 education of all youth within its borders and its responsibility
3 in sharing in the cost thereof, and in order to assure the
4 financial support of a quality educational system for the state
5 without placing an undue burden of taxation on real and personal
6 property, and further, to insure that available funds for main-
7 taining Iowa's public schools keep abreast of the economic growth
8 of our state and nation, there is hereby created in the office
9 of the treasurer of state a school property tax replacement
10 fund. Said fund shall be separate and apart from the general
11 fund of the state and shall embrace and include:
12 1. Revenues derived from the sales tax under chapter four
13 hundred twenty-two (422) of the Code in an amount equal to one-
14 half of the net revenues collected under division four (IV) of
15 said chapter as herein amended.
16 2. Revenues derived from the use tax under chapter four

17 hundred twenty-three (423) of the Code in an amount equal to
18 one-half of the net revenues collected under said chapter except
19 those funds herein committed to the road use tax fund.
20 3. Revenues derived from the personal income tax under chapter
21 four hundred twentw-two (422) of the Code in an amount equal to
22 one-half of the net revenues collected under division two (II)
23 of said chapter.
24 4. Revenues derived from the business tax on corporations
25 under chapter four hundred twenty-two (422) of the Code in an
26 amount equal to one-half of the net revenues collected under
27 division three (III) of said chapter.

Strike Sec. 3. 4/5 Carstensen

1 Sec. 3. The state comptroller shall compute and make dis-
2 tributions from this fund, in the order of priority listed in
3 this section, for the following purposes:
4 1. Allocate twenty-eight million four hundred thousand
5 dollars ($28,400,000) for payment of claims provided in the
6 following chapters of the Code, claims under provisions of each
7 chapter not to exceed the amount indicated for that chapter.
8 Vocational education, chapter two hundred fifty-eight (258),
9 four hundred thousand dollars ($400,000);
10 Special education, chapter two hundred eighty-one (281),
11 one million five hundred thousand dollars ($1,500,000);
12 Transportation, chapter two hundred eighty-five (285),
13 four million dollars ($4,000,000);
14 Supplementary aid, chapter two hundred eighty-six (286),
15 four million dollars ($4,000,000);
16 General aid, chapter two hundred eighty-six A (286A),
17 eighteen million five hundred thousand dollars ($18,500,000).
18 2. Allocate sixty million dollars ($60,000,000) as additional

20 each student in average daily attendance as herein determined.

21 3. Allocate an amount not to exceed five million dollars

22 ($5,000,000) to the agricultural land credit fund as provided

23 in chapter four hundred twenty-six (426) of the Code, which

24 shall be in addition to the fund as provided for in said chapter,

25 and which shall be distributed in the same manner as therein

26 provided.

27 4. Any balance remaining in the "school property tax

28 replacement fund" after the distributions as above provided

29 have been made shall be distributed as an additional distribution

30 in the next succeeding year for the purpose provided by sub-

31 section two (2) of this section.

1 Sec. 4. In making such distributions, except for the amount

2 allocated to the agricultural land credit fund, the state comp-

3 troller shall draw warrants on the fund payable to the treasurers

4 of the several school districts of the state of Iowa submitting

5 claims. Payments shall be made in the priority listed in section

6 three (3) of this Act quarterly as the money becomes available

7 to the fund.

1 Sec. 5. Section two hundred eighty-six point four (286.4),

2 Code 1962, is hereby amended as follows:

3 1. By striking from line six (6), subsection two (2), the

4 word "fifteen" and inserting in lieu thereof the word "seventeen

5 (17)".

6 2. By strikng from line four (4), subsection three (3), the

7 word "fifteen" and inserting in lieu thereof the word "seventeen

8 (17)".

1 Sec. 6. Section two hundred eighty-six A point one (286A.1),

2 Code 1962, is hereby amended by striking from line nine (9) the

3 word "fifteen" and inserting in lieu thereof the word "seventeen
4 (17)".

1 Sec. 7. Section four hundred twenty-two point five (422.5),
2 Code 1962, is hereby amended as follows:

3 1. By striking from line two (2) the number "1934" and
4 inserting in lieu thereof the number "1963".

5 2. By striking from line four (4) the number "1937" and
6 inserting in lieu thereof the number "1963".

7 3. By striking from lines fourteen (14) and fifteen (15)
8 the words "three-fourths of".

9 4. By striking from lines seventeen (17) and eighteen (18)
10 the words "one and one-half" and inserting in lieu thereof the
11 word "two (2)".

12 5. By striking from lines twenty (20) and twenty-one (21)
13 the words "two and one-fourth" and inserting in lieu thereof
14 the word "three (3)".

15 6. By strikng from line twenty-three (23) the word "three"
16 and inserting in lieu thereof the word "four (4)".

17 7. By striking from lines twenty-five (25) and twenty-six
18 (26) the words "three and three-fourths" and inserting in lieu
19 thereof the word "five (5)".

20 8. By striking from lines twenty-seven (27) and twenty-
21 eight (28) the words "three and three-fourths" and inserting
22 in lieu thereof the word "five (5)".

1 Sec. 8. Section four hundred twenty-two point forty-three
2 (422.43), Code 1962, is hereby amended as follows:

3 1. By striking from lines two (2) and three (3) the words
4 and figures "April, 1937, a tax of two" and inserting in lieu
5 thereof the words and figures "July, 1963, a tax of three (3)".

1 Sec. 9. The provisions of section eight (8) of this Act
2 shall become effective as to the returns made upon income earned
3 during the calendar year 1963, or as to any returns made for a
4 fiscal year beginning after January 1, 1963.

1 Sec. 10. Section four hundred twenty-two point forty-three
2 (422.43), Code 1962, is hereby amended as follows:
3 1. By striking from lines two (2) and three (3) the words
4 and figures "April, 1937, a tax of two" and inserting in lieu
5 thereof the words and figures "July, 1963, a tax of three (3)".
6 2. By inserting following the semicolon after the word
7 "users" in line eight (8) the words "a like rate of tax on the
8 gross receipts derived from all services performed or rendered
9 to or for transients in connection with the operation of a hotel,
10 motel, rooming house, tourist court, or trailer camp".
11 3. By striking from line twenty-three (23) the words and
12 figures "1947, a tax of two" and inserting in lieu thereof the
13 words and figures "1963, a tax of three (3)".
14 4. By striking lines fifty-five (55) through fifty-seven (57).

Strike Sec 11
4/5 Carstensen

1 Sec. 11. Section four hundred twenty-two point sixty-two
2 (422.62), Code 1962, is hereby amended as follows:
3 1. Delete all of line twenty-three (23) following the comma
4 after the word "year" and substitute in lieu thereof the follow-
5 ing: "be credited monthly to and divided equally between the
6 school property tax replacement fund and the state general fund."
7 2. Delete from line thirty-four (34) the words "to the
8 general fund" and insert in lieu thereof "to and divided equally
9 between the school property tax replacement fund and the state
10 general fund".
11 3. Inserting in line forty-seven (47) following the word

12 "to" the words "and divided equally between the school property
13 tax replacement fund and".

1 Sec. 12. Section four hundred twenty-three point two (423.2),
2 Code 1962, is hereby amended as follows:

3 1. By striking the word "two" in line five (5) and inserting
4 in lieu thereof the word "three (3)".

Strike Sec 13 H/S Amendment

1 Sec. 13. Section four hundred twenty-three point twenty-four
2 (423.24), Code 1962, is hereby amended by striking line nine (9)
3 and inserting in lieu thereof the words "credited to and divided
4 equally between the school property tax replacement fund and the
5 state general fund."

1 Sec. 14. Section four hundred twenty-six point three (426.3),
2 Code 1962, is hereby amended by striking the word "fifteen" from
3 lines seven (7) and thirteen (13) and inserting in lieu thereof
4 the word "seventeen (17)".

1 Sec. 15. Section four hundred twenty-six point six (426.6),
2 Code 1962, is hereby amended by striking from line thirteen (13)
3 and from lines fourteen (14) and fifteen (15) the word "fifteen"
4 and inserting in lieu thereof in both instances the word "seventeen"
5 (17)".

Strike Sec 16 H/S Amendment

1 Sec. 16. The state comptroller shall by May 1 furnish
2 estimates of revenues to be available for the school property
3 tax replacement fund for the following fiscal year to the state
4 department of public instruction. By June 1 the department of
5 public instruction shall notify each school district of the
6 estimate of funds to which it will be entitled during the
7 following fiscal year for each school aid distribution listed
8 in section three (3) of this Act.

1 Sec. 17. Section four hundred forty-five point five (445.5),

11 county.

12 2. The county treasurer shall determine the millage equiva-
13 lent of the amount of such school aid for the portion of the
14 district located in such county and apply this to the taxable
15 value of the property of each taxpayer.

16 This amount shall be shown on the tax receipt using the
17 following statement:

18 "$..... is the approximate amount your property tax
19 has been reduced as a result of state school aids paid to your
20 school district from state-collected taxes."

1 Sec. 16. The provisions of this Act apply equally to all
2 school districts of the state. If, however, a school district's
3 general fund expenditures per student enrolled in regular day
4 classes as of September 15 in the budget as adopted exceeds the
5 amount budgeted for the last preceding year, it shall receive
6 five (5) percent less state school aid than otherwise author-
7 ized by section three (3) of this Act for each one (1) percent
8 or major fraction thereof which the budgeted general fund ex-
9 penditures per student as enrolled above provided, exceeds the
10 budget of the last preceding year after allowing the percentage
11 increase over the last preceding year without reduction of state
12 aid as follows:

	If general fund budgeted expenditures per student is	Rate of increase without reducing state aid
13–15		
16	$300 or less	5%
17	$300.01 to $350	4%
18	$350.01 to $400	3%
19	$400.01 to $500	2%

20 $500.01 or more 1%

21 "any portion of said budget for emergency repairs to

22 buildings or for any changes, alterations or additions to

23 buildings ordered by the state fire marshal shall be excluded

24 in computing the expenditures for the purpose of this section."

1 Sec. 17. Sections one (1), two (2), three (3), four (4),

2 nine (9), eleven (11), fourteen (14), fifteen (15) and sixteen

3 (16) of this Act shall be of no effect from and after July 1,

4 1969, and all funds in the school property tax replacement fund

5 at that time shall be transferred to the general fund of the

6 state.

EXPLANATION OF HOUSE FILE 550

This bill will create a school property tax replacement fund, will provide for the revenue for its establishment, and prescribe the method for making distribution from such fund, and provide for revision in the general fund revenue to the state.

HOUSE FILE 550

Amend the Senate amendment to House File 550 as follows:

1. Section 11, by striking all of said section after the word "amended" in line one hundred thirty-two (132) and inserting in lieu thereof the following: "by striking all of line nine (9) after the word 'appropriated' and all of lines ten (10), eleven (11) and twelve (12) and inserting in lieu thereof the words: 'a sum sufficient for the fiscal year beginning July 1, 1963, to carry out the provisions of chapter four hundred twenty six (426) of the Code.

For the fiscal year beginning July 1, 1964, and each year thereafter there is hereby appropriated a sum from the general fund, from funds not otherwise appropriated, a sum equal to the amount appropriated to carry out the provisions of chapter four hundred twenty-six (426) of the Code, during the fiscal year beginning July 1, 1963.' "

2. Further amend the Senate amendment to House File 550 by adding thereto the following new sections:

(1) Section four hundred twenty-six point three (426.3), Code 1962, is hereby amended by striking the word "fifteen" from lines seven (7) and thirteen (13) and inserting in lieu thereof the word and figures "twenty-two (22)".

(2) Section four hundred twenty-six point six (426.6), Code 1962, is hereby amended by striking from line thirteen (13) and from lines fourteen (14) and fifteen (15) the word "fifteen" and inserting in lieu thereof in both instances the word and figures "twenty-two (22)".

(3) Section two hundred seventy-five point one (275.1), Code 1962, is hereby amended as follows:

a. By striking in lines thirty-four (34) and thirty-five (35) the figures "1962" and inserting in lieu thereof in each instance the figures "1964".

b. By striking all of lines forty (40), forty-one (41), and forty-two (42) and all of line forty-three (43) before the period.

Vote 5/14 ayes 50 nays 53

Sub for Hagedorn & Kopecky

Filed and lost
May 13, 1964.

HAGEDORN of Clay.

HOUSE FILE 550

Amend House File 550 as amended by the Senate by striking all after the enacting clause and inserting in lieu thereof the following:

"Section 1. Section four hundred twenty-two point forty-two (422.42), Code 1962, is hereby amended as follows:

1. By adding an additional subsection as follows:

'The word "room" applies only to accommodations referred to generally as "sleeping rooms" and does not apply to accomodations in the nature of ballrooms, banquet rooms, reception rooms, meeting rooms and office space, nor does it apply where room is rented to an individual, firm, association or corporation for a period of more than twenty-eight (28) consecutive days.'

2. By adding after the word 'users,' in line six (6) of subsection three (3), the words 'and the sale of the use of a room as herein defined,'.

"Sec. 2. Section four hundred twenty-two point forty-three (422.43), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the words and figures 'beginning the first day of April, 1937,'.

2. By inserting at the end of the first paragraph the words '; also a like rate on the gross receipts from the sale of the use of a room in an inn, hotel, motel, public lodging house, tourist court or trailer camp.'

"Sec. 3. Section ninety-eight point six (98.6), Code 1962, is amended by inserting in line seven (7) of subsection one (1) after the word 'two' the words 'and one-half'.

Further amend said section by inserting in line ten (10) of subsection one (1) after the word 'three' the words 'and one-half'."

Vote - 5/13 ayes 32 nays 72

Filed and lost
May 13, 1963.

SCHERLE of Mills.
VAN NOSTRAND of Pottawattamie.
MESSERLY of Black Hawk.

HOUSE FILE 550

1 Amend the Senate amendment to House File 550 as follows:
2 By striking section three (3) thereof and renumbering the
3 remaining sections.

Filed
May 9, 1963.

adopted 5/13

HAGEDORN of Clay.
VAN NOSTRAND of Pottawattamie.
GOODE of Davis.

HOUSE FILE 550

1 Amend the Senate amendment to House File 550, section 2
2 by striking therefrom all of division two (2).

Vote 5/13 ayes 37 nays 67 Lost

Filed
May 9, 1963.

SCHERLE of Mills.

HOUSE FILE 550

1 Amend House File 550 as follows:
2 Amend by inserting the following as a new section at the end
3 of the bill:
4 "Section four hundred twenty-six point three (426.3), Code
5 1962, is hereby amended by inserting in line twenty-three (23)
6 after the figures '425' the following:
7 'or to any owner of any property which property has an owner,
8 in whole or in part, who is not a bona fide resident of the State
9 of Iowa."

Lost 5/16

Filed
May 9, 1963.

VAN NOSTRAND of Pottawattamie.

HOUSE FILE 550

1 Amend the Senate amendment to House File 550 by striking
2 all of lines thirty-three (33) through forty-four (44),
3 inclusive.

Filed
May 10, 1963.

adopted 5/13

REPPERT of Polk.

HOUSE FILE 550

1 Amend the Senate amendment to House File 550 as
2 follows:
3 1. Amend section 2 by striking subsection
4 five (5), lines thirty-three (33) to
5 forty-four (44) inclusive.
6 2. Amend by striking section 5. → adopted 5/13
7 3. Amend by striking section 10.
8 4. Further amend by renumbering sections to
9 conform to this amendment.

Div. 1 Withdrawn 5/13

Vote 5/13 on Div. 2 ayes 71 nays 21

Div. 3 Withdrawn 5/13

Filed
May 10, 1963.

BARINGER of Fayette.
STEELE of Cherokee.

HOUSE FILE 550

1 Amend the Senate amendment to House File 550, section 11,
2 line one hundred thirty-three (133), by striking the word
3 "twenty-one" and by inserting in lieu thereof the word
4 "sixteen".

Filed
May 10, 1963.

Lost 5/14

REPPERT of Polk.

HOUSE FILE 550

1 Amend the Senate amendment to House File 550, section 12,
2 line one hundred forty-two (142), by inserting after the word
3 "year" the words ", or in the event such district does not maintain
4 a twelve-grade school system".

Filed
May 10, 1963.

Lost 5/14

OLSON of Cerro Gordo.
HANSON of Mitchell.
STANLEY of Muscatine.
DUNTON of Keokuk.

HOUSE FILE 550

Div. 1 Withdrawn 5/13

Amend the Senate amendment to House File 550 as follows:

1. By striking all of lines twenty-five (25) through twenty-eight (28).

Div. 2 Withdrawn 5/13

2. By striking lines thirty-three (33) through forty-four (44).

3. By striking lines fifty-five (55) through fifty-seven (57).

4. Amend line fifty-eight (58) by striking "Sec. 6" and inserting in lieu thereof "Sec. 5".

5. By striking from line sixty-nine (69) "Sec. 7" and inserting in lieu thereof "Sec. 6".

Div. 6 adopted 5/14

6. By striking lines seventy-one (71) through eighty (80) and inserting in lieu thereof the following:

"1. Section four hundred twenty-nine point two (429.2), Code 1962, is hereby amended by striking all after the word "shall" in line fourteen (14) and inserting in lieu thereof the words 'not be assessed in the year 1964 or taxed after collection of the tax thereon for the year 1963 which shall be assessed, taxed, levied, listed, collected and apportioned in accordance with chapter four hundred twenty-nine (429), Code 1962, and other applicable laws.'"

7. Strike the figure "3" in line eighty-one (81) and insert in lieu thereof the figure "2".

8. By striking from line eighty-nine (89), "Sec. 8" and inserting in lieu thereof "Sec. 7".

9. By striking lines ninety-six (96) through one hundred thirty (130).

10. By striking from line one hundred thirty-one (131) "Sec. 11" and inserting in lieu thereof "Sec. 8".

11. By striking from line one hundred thirty-four (134) "Sec. 12" and inserting in lieu thereof "Sec. 9".

Div. 12 to Senate amendment 5/15

12. By striking from line one hundred thirty-six (136) the words and figures "ten million dollars ($10,000,000)" and inserting in lieu thereof "twelve million dollars ($12,000,000)".

Div. 13 to Senate amendment 5/15

13. By inserting as section ten (10) the following:

"Sec. 10. There is hereby created a permanent fund in the office of the treasurer of the state to be known as the moneys and credits tax replacement fund and for the purpose of establishing and replenishing said fund for each fiscal year beginning July 1, 1964, there is appropriated thereto from funds in the general fund not otherwise appropriated an amount equal to the total tax imposed upon moneys and credits as placed upon the various county tax lists for the year 1963. The county auditor of each county shall certify the amounts of such taxes imposed in his county for the year 1963 and deliver such certification to the state comptroller on or before December 31, 1963. On or before March 15, 1965, and on or before March 15th of each year thereafter, the state comptroller shall draw warrants on the moneys and credits tax replacement fund in the amounts of such certifications, payable to the county treasurers of the various counties and mail said warrants to the county auditors. The proceeds shall be apportioned within the counties according to section four hundred twenty-nine point three (429.3), Code 1962."

adopted 5/14

filed 5/13

Div. 14 to Senate amendment 5/15

14. By striking lines one hundred forty-three (143) through one hundred seventy-one (171) and inserting in lieu thereof the following as section eleven (11):

Div. 14 adopted as amended 5/15

"Sec. 11. There is hereby appropriated from the general fund for each year of the biennium to a 'property tax credit fund', which is hereby created, the sum of thirty million dollars ($30,000,000), or as much thereof as may be available, as computed by the comptroller, from (1) the total of the excess, if any, by which the unencumbered general fund balance exceeds sixteen million dollars ($16,000,000) at the close of the preceding year, plus (2) the excess, if any, of estimated revenues for the ensuing year after providing for all other appropriations, including the apportionment of biennial appropriations between each year of the biennium. This property tax credit fund distribution shall be allocated each year to the several counties in the same proportion that the assessed valuation of real and personal property in that county for the preceding tax year bears to the total taxable real

69 and personal property in the state for the preceding tax year. Not
70 later than October 1 in the year 1963, and annually thereafter, the
71 state comptroller shall certify to the county auditor of each
72 county in the state the amount of money that will be allocated to
73 that county the following year. The county auditor shall thereupon
74 enter a credit against the tax bill of each taxpayer in said county,
75 being the tax bill of the current year due and payable the
76 following year, and the amount of said credit shall be in the same
77 proportion to the total amount so certified to the county auditor
78 by the state comptroller as the assessed valuation of such tax-
79 payer's taxable real and personal property for the current tax
80 year bears to the total assessed valuation of taxable real and
81 personal property in that county for the current tax year. The
82 amount of money so credited to the taxpayers of the county shall
83 be distributed by the county treasurer to the several taxing
84 districts of said county upon the receipts in the following year
85 of the comptroller's warrant drawn on the property tax credit fund,
86 the same as though the amount thereof had been paid to the treasurer
87 of said county by the taxpayers of said taxing district."
88 15. By striking from line one hundred seventy-two (172)
89 "Sec. 14" and inserting in lieu thereof "Sec. 12".
90 16. By striking lines one hundred seventy-seven (177) through
91 two hundred two (202) and inserting the following new sections:
92 "Sec. 13. Section four hundred twenty-two point seventeen
93 (422.17), Code 1962, is hereby repealed.
94 "Sec. 14. Section four hundred twenty-two point four (422.4),
95 Code 1962, is hereby amended by striking subsection thirteen (13)
96 thereof and inserting in lieu thereof the following:
97 'The term "withholding agent" means any individual, fiduciary,
98 corporation, partnership or association in whatever capacity acting
99 and including all officers and employees of the State of Iowa, or
100 any municipal corporation of the State of Iowa and of any school
101 district or school board of the state, or of any political subdivi-
102 sion of the State of Iowa that is obligated to pay or has control
103 of paying or does pay to any resident or nonresident of the State
104 of Iowa or his agent any income that is subject to the Iowa income
105 tax in the hands of such resident or nonresident."
106 "Sec. 15. Strike all of section four hundred twenty-two point
107 sixteen (422.16), Code 1962, and substitute in lieu thereof the
108 following:
109 '1. Every employer as defined in the Internal Revenue Code
110 of 1964, as amended through December 31, 1962, including domestic
111 and foreign corporations, with respect to income tax collected
112 at source, making payment of wages as defined in the Internal
113 Revenue Code of 1954, as amended through December 31, 1962, to a
114 resident employee or employees shall deduct and withhold from such
115 wages an amount which will approximate the employee's tax liability
116 at year end on the annual basis, upon tables and schedules prepared
117 by and prescribed by the state tax commission.
118 '2. In the case of nonresidents, every employer as referred
119 to in subsection one (1) of this section, or withholding agent as
120 defined in section two (2) of this Act, shall deduct and withhold
121 during each calendar year two per cent (2%) of all gross income
122 paid in the form of wages as defined in the Internal Revenue Code
123 of 1954, as amended through December 31, 1962. Payments of other
124 gross incomes subject to the Iowa income tax in the hands of the
125 nonresident shall be subject to withholding at the rate of four
126 percent (4%). The "gross income" referred to herein shall include
127 the amount required to be withheld. The term "gross income" shall
128 have the same meaning as for federal income tax purposes under
129 the Internal Revenue Code of 1954, as amended through December 31,
130 1962.
131 The employers referred to in this subsection one (1) and
132 subsection two (2) shall be deemed to be withholding agents as
133 defined in section four hundred twenty-two point four (422.4),
134 subsection thirteen (13), Code 1962.
135 '3. Every withholding agent required to deduct and withhold
136 tax under subsections one (1) or two (2) of this section shall,
137 for the quarterly period beginning July 1, 1963, and for each
138 quarterly period thereafter, on or before the last day of the
139 month following the close of each quarterly period make a return
140 on forms prescribed by the state tax commission and pay over to
141 the state tax commission in the form of remittances made payable
142 to the state tax commission, the tax required to be withheld
143 under the provisions of subsections one (1) and two (2) hereof.
144 If the state tax commission in any case has reason to believe
145 that the collection of the state tax provided for in subsections one (1)
146 and/or two (2) hereof is in jeopardy, it may require the employer
147 or withholding agent to make such return and pay such tax at any
148 time.

149 '4. Every withholding agent who fails to withhold or pay to
150 the commission any sums required by this Act to be withheld and
151 paid, shall be personally and individually liable therefor to
152 the State of Iowa, and any sum or sums withheld in accordance with
153 the provisions of subsections one (1) or two (2) hereof, shall be
154 deemed to be held in trust for the State of Iowa.
155 '5. In the event a withholding agent fails to withhold and/or
156 pay over to the commission any amount required to be withheld
157 under subsections one (1) or two (2) of this section, such amount
158 may be assessed against such employer or withholding agent in the
159 same manner as prescribed for the assessment of income tax under
160 the provisions of chapter four hundred twenty-two (422), Code 1962.
161 '6. The State of Iowa shall have a lien upon all the property
162 of any employer or withholding agent who fails to withhold and/or
163 pay over to the state tax commission sums required to be withheld
164 under subsections one (1) or two (2) of this section. If the
165 employer or withholding agent withholds but fails to pay the amounts
166 withheld to the tax commission, the lien shall attach as of the
167 date the amounts withheld were required to be paid over to the
168 commission. If the employer or withholding agent fails to withhold,
169 the lien shall attach as of the date the amounts which should have
170 been withheld were required to be paid over to the commission had
171 they been withheld under the provisions of subsections one (1) or
172 two (2) of this section.
173 '7. Every withholding agent required to deduct and withhold
174 from an employee or other person receiving taxable Iowa income,
175 a tax under subsection one (1) or two (2) of this section shall
176 furnish to such employee or other person in respect of the
177 remuneration paid by such employer or withholding agent to such
178 employee or other person during the calendar year, on or before
179 January 31 of the succeeding year, or, if the employee's employment
180 is terminated before the close of such calendar year, within
181 thirty (30) days from the day on which the last payment of wages
182 is made, a written statement showing the following:
183 a. The name of such employer or withholding agent.
184 b. The name of the employee or other person and his
185 social security account number.
186 c. The total amount of wages, as defined in the Internal
187 Revenue Code of 1954, as amended through December 31, 1962, or
188 other taxable income paid to the employee or other person.
189 d. The total amount deducted and withheld as tax under the
190 provisions of subsections (1) or two (2) of this section.
191 e. The total amount of federal income tax withheld.
192 The statement required to be furnished by this subsection
193 in respect of any wages or other taxable Iowa income shall be in
194 such form as the state tax commission may by regulations prescribe.
195 '8. An employer or withholding agent shall be liable for
196 the payment of the tax required to be deducted and withheld under
197 subsections one (1) or two (2) of this section and any amount
198 deducted and withheld as tax under subsections one (1) or two (2)
199 of this section during any calendar year upon the wages of any
200 employee or other person shall be allowed as a credit to the
201 employee or other person against the tax imposed by section four
202 hundred twenty-two point five (422.5), Code 1962, irrespective of
203 whether or not such tax has been, or will be, paid over by the
204 employer or withholding agent to the state tax commission as
205 provided by this Act.
206 '9. The amount of any overpayment of the individual income
207 tax liability of the employee taxpayer or other person which may
208 result from the withholding and payment of withheld tax by the
209 employer or withholding agent to the commission under subsections
210 one (1) or two (2) hereof, as compared to the individual income
211 tax liability of the employee taxpayer or other person properly and
212 correctly determined under the provisions of section four hundred
213 twenty-two point four (422.4), to and including section four hundred
214 twenty-two point thirteen (422.13), Code 1962, may be credited
215 against any income tax or installment thereof then due the State
216 of Iowa and any balance of two dollars ($2.00) or more shall be
217 refunded to the employee taxpayer or other person with interest at
218 six percent (6%) per annum, such interest to begin to accrue one
219 hundred eighty (180) days after the due dates of the return.
220 Amounts less than two dollars ($2.00) shall be refunded to the
221 taxpayer only upon written application, and only if such application
222 is filed within twelve (12) months after the due date of the return.
223 Refunds provided for by this subsection shall be paid by the state
224 treasurer by means of warrants drawn by the comptroller at the
225 direction of an authorized employee of the state tax commission,
226 without requiring the taxpayer to file a claim for such refund.
227 There is hereby appropriated, out of any funds in the state treasury
228 not otherwise appropriated, a sum sufficient to carry out the pro-
229 visions of this section.

230 '10. a. Any person or corporation required under the pro-
231 visions of this Act to furnish a statement required by this Act
232 who willfully furnishes a false or fraudulent statement, or who
233 willfully fails to furnish such statement shall, for each such
234 failure be subject to a civil penalty of one hundred dollars
235 ($100.00), such penalty to be in addition to any criminal penalty
236 otherwise provided for by the Code 1962.
237 b. Any employer or withholding agent required under the
238 provisions of this Act to withhold taxes on wages or other taxable
239 Iowa income who fails to withhold such taxes, or to make the
240 required returns or who fails to remit to the commission
241 the amounts withheld, shall be liable for the amount of such taxes
242 which should have been withheld and paid and in addition shall be
243 subject to a civil penalty, equal to five percent (5%) of the
244 amount which should have been withheld and/or paid over to the
245 commission, for each month or fraction thereof during which such
246 failure continues, not to exceed twenty-five percent (25%) in
247 the aggregate. Interest at the rate of six percent (6%) per annum
248 shall be added to the amount of the tax required to be withheld
249 and paid to the tax commission.
250 c. If the employer, being a domestic or foreign corporation,
251 required under the provisions of this section to withhold on wages
252 or other taxable Iowa income fails to withhold the amounts required
263 to be withheld, make the required returns or remit to the state
254 tax commission the amounts withheld, the commission may certify
255 such fact or facts to the secretary of state, who shall thereupon
256 cancel the articles of incorporation or certificate of authority
257 (as the case may be) of such corporation and the rights of such
258 corporation to carry on business in the State of Iowa shall there-
259 upon cease. Any person or persons who shall exercise or attempt
260 to exercise any rights, powers, privileges or franchise under
261 articles of incorporation or certificate of authority after the D 11.157.
262 same are cancelled shall pay a penalty of not less than one
263 hundred dollars ($100.00) or more than one thousand dollars ($1,000.00),
264 to be recovered in an action brought by the commission, such penalty
265 to be in addition to all other penalties provided under chapter
266 four hundred twenty-two (422), Code 1962.
267 '11. a. Every individual or married couple filing a joint
268 return, shall make a declaration of estimated tax if his or their
269 Iowa income tax attributable to income other than wages subject to
270 withholding can reasonably be expected to amount to fifty dollars
271 ($50.00) or more for the taxable year, except that in the case of
272 farmers the provisions of the Internal Revenue Code of 1954, as
273 amended through December 31, 1962, with respect to declarations
274 shall apply.
275 The declaration provided for herein shall be filed at such
276 time and in such form as the state tax commission may require by
277 regulations, and the estimated tax shall be paid in four (4)
278 equal installments, the first installment to be paid at the time
279 of filing the declaration, except that at the election of the
280 individual, or married couple filing jointly, any installment of
281 the estimated tax may be paid prior to the date prescribed for its
282 payment.
283 b. In the case of individuals or married couples filing
284 jointly the total balance of the tax payable after credits for
285 taxes paid through withholding, as provided in subsection one (1)
286 or two (2) of this section, or through declaration and payment of
287 estimated tax, as provided in subsection eleven (11) of this
288 section, shall be due and payable on or before April 15, following
289 the close of the calendar year, or if the return should be made
290 on the basis of a fiscal year, then on or before the fifteenth
291 (15th) day of the fourth (4th) month following the close of such
292 fiscal year.
293 c. The declaration provided for in this section may be amended
294 during the taxable year under regulations prescribed by the state
295 tax commission.
296 d. If a taxpayer is unable to make his own declaration, the
297 declaration may be made by duly authorized agent or by the guardian
298 or other person charged with the care of the person or property of
299 such taxpayer.

300 e. Any amount paid on a declaration of estimated tax shall be
301 a credit against the amount of tax found payable on a final,
302 completed returns as provided in subsection nine (9) hereof relating
303 to the credit for the tax withheld against the tax found payable
304 on a return properly and correctly prepared under the provisions of
305 section four hundred twenty-two point five (422.5) to and including
306 section four hundred twenty-two point thirteen (422.13), Code 1962,
307 and any overpayment of two dollars ($2.00) or more shall be refunded
308 to the taxpayer as provided in subsection nine (9) hereof, relating
309 to overpayments of tax through withholding. Amounts less than two
310 dollars ($2.00) shall be refunded to the taxpayer only upon written
311 application, and only if such application is filed within twelve
312 (12) months after the due date for the return. The penalties
313 provided by the Internal Revenue Code of 1964, as amended through
314 December 31, 1962, for failure to file a declaration or for under-
315 payment of the tax payable shall apply to persons required to file
316 declarations and make payments of estimated tax under the provisions
317 of this section.
318 "Sec. 16. From funds in the general fund not otherwise
319 appropriated, there is hereby appropriated sufficient funds for
320 the purpose of redeeming the Korean service compensation bonds as
321 issued under chapter thirty-five B (35B), Code 1962. This
322 amount so appropriated, together with the balances of the Korean
323 veterans bonus fund and the Korean veterans bonus tax fund shall
324 be applied to redeem the total outsanding Korean service compen-
325 sation bonds, together with interest and callable penalty of one
326 and one-half percent (1½%) of par value at June 1, 1964.
327 "Sec. 17. Section thirty-five B point eleven (35B.11), Code
328 1962, is hereby repealed effective December 31, 1963, provided
329 that the tax of one (1) mill on moneys and credits for the year
330 1963 shall be collected and added to the existing funds."
331 17. By striking from line two hundred three (203), "Sec. 21"
332 and inserting in lieu thereof "Sec. 18".
333 18. By striking from line two hundred eight (208), "Sec. 22"
334 and inserting in lieu thereof "Sec. 19".
335 19. By striking lines two hundred thirteen (213) through
336 two hundred seventeen (217) and substituting in lieu thereof the
337 following:
338 "lieu thereof the following: 'relating to taxation, an increase
339 in sales and use taxes, and taxing sleeping rooms and the repeal
340 of moneys and credits tax and personal property tax, the appropri-
341 ation of revenue, and the establishment of a withholding system
342 for income taxes, providing for payment of the Korean service
343 compensation bonds and repealing the taxes imposed therefor.'"

Filed May 13 and
divisions 1, 2, and 3 withdrawn

VERMEER of Marion.
HAGIE of Wright.
SMITH of O'Brien.
EVELAND of Boone.
DEN HERDER of Sioux.
GRAHAM of Ida.
FALVEY of Monroe.
NIELSEN of Shelby.
JARVIS of Buena Vista.
STANLEY of Muscatine.

adopted 5/14

HOUSE FILE 550

1 Amend the Senate amendment to House File 550 as
2 follows:
3 1. Amend section 7, line 85, by striking the word
4 "section" and inserting in lieu thereof the words and
5 figures "section four hundred thirty-two point five
6 (432.5) and ".
7 2. Strike section 8, lines 89 through 95, and insert
8 in lieu thereof the following:
9 "Sec. 8. Section 431.1, Code 1962, is hereby
10 amended by striking lines 1 through 5 thereof and inserting
11 in lieu thereof the following:
12 "The shares of stock of insurance corporations and
13 associations subject to taxation under section four hundred
14 thirty-two point five (432.5) of the Code shall".

Filed and adopted
May 13, 1963.

STANLEY of Muscatine.

HOUSE FILE 550

1 Amend the Senate amendment to House File 550 by adding the
2 following new section:
3 "As compensation to employers for acting as withholding agents
4 in withholding state income tax under this Act, an employer shall
3 be paid by the state a sum equal to one percent (1%) of the amount
6 of tax deducted and withheld and timely remitted to the state as
7 provided in this Act; which said sum of one percent (1%) shall be
8 paid to the said employer by his withholding same from said
9 remittance."

Filed and adopted ✓
May 13, 1963.

RILEY of Linn.

HOUSE FILE 550

1 Amend the Senate amendment to House File 550
2 by inserting the following new section after section 12,
3 and renumber the sections:
4 "Sec. ..... There is hereby appropriated from
5 the general fund annually for each year of the ensuing
6 biennium to the department of public instruction the
7 additional sum of four million dollars ($4,000,000) for
8 supplementary aid as provided by chapter two hundred
9 eighty-six (286) of the Code."

aye 22 48 56 nay Lost 5/15

Filed
May 13, 1963.

STANLEY of Muscatine.
KLUEVER of Cass.

HOUSE FILE 550

1 Amend section 11 of the Senate amendment to House File 550
2 by adding thereto the following:
3 "Section four hundred twenty-six point one (426.1), Code
4 1962, is further amended by inserting the following before
5 the word 'there' in line seven (7): 'and until July 1, 1967,'
6 and by inserting the following before the word 'Any' in line
7 twelve (12): 'Beginning July 1, 1967, and each fiscal year
8 thereafter, there shall be appropriated to the agricultural
9 land credit fund from funds in the general fund not otherwise
10 appropriated the sum of eleven million two hundred fifty
11 thousand dollars.' "

Vote: 5/14 aye 21 nay 82

Filed and lost
May 13, 1963.

RILEY of Linn.
CARSTENSEN of Clinton.

HOUSE FILE 550

1 Amend the Senate amendment to House File 550 by
2 striking after the word "and" in line 68 the word and
3 number "eleven (11)" and inserting in lieu thereof the
4 word and number "twelve (12)."

Lost 5/14

Filed
May 13, 1963.

MILLER of Des Moines.
KIBBIE of Palo Alto.

HOUSE FILE 550

1 Amend House File 550 as amended and passed by the Senate as
2 follows:
3 1. By inserting after line 44 as a new section the following:
4 "Section four hundred twenty-two point forty five (422.45),
5 Code 1962, is hereby amended by adding thereto the following
6 new subsection:
7 'The gross receipts from sales of medicines for internal or
8 external use sold upon prescription of a licensed physician.' "
9 2. Further amend by renumbering the sections in conformity
10 with this amendment.

Lost 5/13

Filed and lost ✓
May 13, 1963.

NIELSEN of Emmet.

HOUSE FILE 550

1 Amend the Petersen, et al., amendment to the Senate amendment
2 to House File 550 by inserting after the word "repairs" in
3 line twenty-eight (28) the following sentence:
4 "This provision shall apply only to construction and
5 service contracts executed after July 4, 1963."

Filed and adopted
May 15, 1963.

WINKELMAN of Calhoun.

HOUSE FILE 550

ayes 63
nays 36 5/15

1 Amend the Petersen, et al., amendment to the Senate amendment
2 to House File 550 as follows:
3 1. By striking all of lines twenty-nine (29) through
4 thirty-five (35).
5 2. By renumbering all subsequent sections.

Filed and adopted
May 15, 1963.

MURRAY of Webster.

HOUSE FILE 550

1 Amend the Petersen, et al., amendment to the Senate amendment
2 to House File 550 as follows:
3 Amend by striking the first four lines of section 7.

Filed and adopted
May 15, 1963.

REPPERT of Polk.

HOUSE FILE 550

1 Amend the Petersen, et al., amendment to the Senate
2 amendment to House File 550 by striking from line forty-
3 six (46) the words ", over the age of sixty-five,".

Filed and adopted
May 15, 1963.

FRAZIER of Lee.

HOUSE FILE 550

1 Amend the Vermeer, et al., amendment, filed May 13, to the Senate
2 amendment to House File 550, line ninety-one (91), by striking
3 therefrom the words "and inserting the following new sections:".

Filed and adopted
May 14, 1963.

VERMEER of Marion.

HOUSE FILE 550

1 Amend the Senate amendment to House File 550 by adding
2 the following new section:
3 "There is hereby appropriated from the general fund
4 annually for each year of the ensuing biennium to the
5 department of public instruction, in addition to all other
6 appropriations, the sum of two million dollars ($2,000,000.00)
7 for supplementary aid as provided by chapter two hundred
8 eighty-six (286) of the Code."

Filed
May 15, 1963.

adopted 5/16

STANLEY of Muscatine.
KLUEVER of Cass.
CUNNINGHAM of Story.

HOUSE FILE 550

1 Amend the Senate amendment to House File 550 by adding a
2 new section. Chapter four hundred twenty-six (426), Code 1962,
3 is hereby amended by adding the following:
4 "Section 1. Any person residing on agricultural lands who
5 makes application upon proper forms prescribed by this chapter
6 shall be entitled to a tax credit on any personal property
7 including livestock which are used in his agricultural operations
8 to the same extent that is provided for agricultural lands.
9 Provided, however, that no person who is receiving agricultural
10 land credits, shall be entitled to the provisions of this section."

Filed ~~and adopted~~
May 15, 1963.

ayes 50
nays 52
lost

GOODE of Davis.

HOUSE FILE 550

Amend the Vermeer, et al., amendment, filed May 13th, to the Senate amendment to House File 550, line fifty-six (56), by inserting after the word "biennium" the words "and annually thereafter".

Filed and adopted
May 15, 1963.

GOODE of Davis.

HOUSE FILE 550

Amend the Vermeer, et al., amendment, filed May 13, to the Senate amendment to House File 550 as follows:

Amend by striking from lines 78, 79, 80, and 81 the following: "assessed valuation of such taxpayer's taxable real and personal property for the current tax year bears to the total assessed valuation of taxable real and personal property in that county for the current tax year" and inserting in lieu thereof the following: "total real and personal property taxes paid by the taxpayer for the current tax year bears to the total real and personal property taxes paid by all taxpayers in the county for the current tax year."

Filed and lost
May 15, 1963.

ANDERSEN of Woodbury.

HOUSE FILE 550

Amend the Senate amendment to House File 550 by adding at the end of section thirteen (13), the following:

"Provided that the assessed valuation of real and personal property in any county shall not exceed twenty-five (25) percent of the actual or market value of the property as determined by section four hundred forty-one point twenty-one (441.21) and chapter four hundred twenty-eight (428), Code 1962, as determined by the state tax commission; and in the event the assessed valuations exceed such percentage, then the amount of the assessed valuations determined as such percentage shall be the basis on which the state comptroller shall determine the amount of money to be distributed to each county as the basis for credits and warrants herein provided."

Filed and lost
May 15, 1963.

HOUGEN of Black Hawk.

HOUSE FILE 550

Amend the Senate amendment to House File 550 by adding the following new section:

"There is hereby appropriated annually from the general fund to an "urban land tax credit fund" the sum of five million dollars ($5,000,000) which shall be distributed annually on warrants drawn by the state comptroller and made payable to the county treasurers of the several counties of the state. The revenue distributable shall be allocated each year to the several counties in the same proportion that the total assessed valuation of the taxable real and personal property in all cities and towns in that county for the preceding tax year bears to the total taxable real and personal property in all cities and towns in the state for the preceding tax year. Not later than October 1 in the year 1963, and annually thereafter, the state comptroller shall certify to the county auditor of each county in the state the amount of money that will be allocated to that county the following year. The county auditor shall thereupon enter a credit against the tax bill of each taxpayer owning property within the corporate limits of a city or town in said county, being the tax bill of the current year due and payable the following year, and the amount of said credit shall be in the same proportion to the total amount so certified to the county auditor by the state comptroller as the assessed valuation of such taxpayers' taxable real and personal property within the corporate limits of a city or town in said county for the current tax year bears to the total assessed valuation of all taxable real and personal property in cities and towns in that county for the current tax year. The amount of money so credited to the taxpayers having property in the cities and towns of the county shall be distributed by the county treasurer to the appropriate taxing districts of said county upon the receipt in the following year of the comptroller's warrant drawn on the urban land tax credit fund, the same as though the amount thereof had been paid to the treasurer of said county by the taxpayers of said taxing district.

Filed and lost
May 16, 1963.

DENMAN of Polk.
RILEY of Linn.
FRAZIER of Lee.
DIETZ of Scott.
KNOWLES of Scott.

Amend House File 550 as amended by the Senate by striking all of lines four (4) to twenty-four (24) inclusive, and inserting in lieu thereof the following:

Section 1. Section four hundred twenty-two point forty-two (422.42), Code 1962, is hereby amended as follows:

1. By adding an additional subsection as follows:

"The word 'room' applies only to accommodations referred to generally as 'sleeping rooms' and does not apply to accommodations in the nature of ballrooms, banquet rooms, reception rooms, meeting rooms and office space, nor does it apply where room is rented to an individual, firm, association or corporation for a period of more than twenty-eight (28) consecutive days."

2. By adding after the word "users," in line six (6) of subsection three (3), the words "and the sale of the use of a room as herein defined,".

Sec. 2. Section four hundred twenty-two point forty-three (422.43), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the words and figures "beginning the first day of April, 1937.".

2. By inserting at the end of the first paragraph the words "; also a like rate on the gross receipts from the sale of the use of a room in an inn, hotel, motel, public lodging house, tourist court or trailer camp."

3. By inserting at the end of the first paragraph the following:

"A like rate of tax is imposed on repairs and services to motor vehicles, trailers, farm equipment, machinery, appliance repairs and services including heating, air conditioning, plumbing and electrical installations and repairs."

4. By inserting following the paragraph referred to in subsection 3 of this section the following:

"A like rate of tax is also imposed on the gross receipts from all newspaper advertising contained in newspapers circulated within the state. A like rate of tax is also imposed upon gross receipts received from all outdoor advertising done within the state."

Sec. 3. Section four hundred twenty-two point five (422.5), Code 1962, is amended by striking lines 13 to 28 inclusive and by inserting in lieu thereof the following:

"On taxable income, as defined in this chapter, at the rate of three percent thereof."

Sec. 4. Section four hundred twenty-two point nine (422.9), Code 1962, is hereby repealed and the following enacted in lieu thereof:

"In computing taxable income of an individual there shall be deducted from net income all medical and hospital enpense incurred by such individual, over the age of sixty-five, in excess of five hundred dollars where such expense is not reimbursed to the individual from any source."

Sec. 5. Section four hundred twenty-two point twelve (422.12), Code 1962, is hereby repealed and the following enacted in lieu thereof.

"In computing taxable income there shall be deducted from net income as defined in section four hundred twenty-two point seven (422.7) of the Code the same exemptions for each individual as provided in the federal Internal Revenue Code of 1954."

Sec. 6. Section four hundred twenty-two point thirteen (422.13), Code 1962, is hereby repealed and the following enacted in lieu thereof:

"Every individual required to file an income tax return by the federal Internal Revenue Code of 1954 shall file an income tax return for state income tax as provided in this chapter. Said tax return shall not be considered to be properly filed unless it specifies the taxpayers school district in which he resides."

Sec. 7. Section four hundred twenty-two point four (422.4), Code 1962, is amended by striking from line nine (9) of subsection thirteen (13) the word "fifteen" and inserting in lieu thereof the word "six".

Further amend House File 550 as amended by the Senate by renumbering the remaining sections.

Filed and adopted
May 15, 1963.

as amended 515

PETERSEN of Dallas.
BARINGER of Fayette.
HOUGEN of Black Hawk.
SCHERLE of Mills.

Senate vote to concur in H.F. 73 page 24 House page 1146 passed

HOUSE FILE 550

Amend the Senate amendment to House File 550 by adding the following new section:

"Sec. ..... There is hereby appropriated from the general fund annually for each year of the ensuing biennium to the department of public instruction, in addition to all other appropriations, the sum of one million five hundred thousand dollars ($1,500,000) for aid to handicapped children through special education as provided in chapter two hundred eighty-one (281), Code 1962, and the sum of five hundred thousand dollars ($500,000) for vocational education aid as provided in chapter two hundred fifty-eight (258), Code 1962.

adopted 5/16

Filed
May 14, 1963.

STANLEY of Muscatine.
KLUEVER of Cass.

HOUSE FILE 550

Amend the Senate amendment to House File 550 by adding a new section as follows:

1. Amend section four hundred twenty-eight point seventeen (428.17), Code 1962, by adding a new paragraph as follows:

"Notwithstanding the foregoing provisions, there shall first be exempted from the inventory of merchandise on a cost basis the sum of ten thousand ($10,000) dollars, and only the cost thereof exceeding said sum shall be subject to assessment for personal property tax purposes."

Vote 5/16
ayes 48
nays 52
Lost 5/16

Filed
May 14, 1963.

HOUGEN of Black Hawk.

HOUSE FILE 550

Amend the Senate amendment to House File 550 by adding the following new section after section 2:

Section four hundred twenty-two point fifty-two (422.52), Code 1962, is hereby amended by adding the following subsection:

The following tax brackets shall be used in computing the sales tax due the commission as previously provided by the Code:

0—.33	no tax
.34—.65	.01c tax
.66—.99	.02c tax

Thereafter, the tax shall be computed as follows: From

.01—.33	.01c tax
.34—.65	.02c tax
.66—.99	.03c tax

on each subsequent dollar. Also when a return is filed and the tax shown due thereon shall be paid on or before the due date as prescribed in section four hundred twenty-two point fifty-one (422.51) of the Code, the retailer shall be allowed a credit or discount equal to two percent (2%) of the sales tax shown due by the retailer. This discount is allowed the retailer by prompt payment of the tax and as remuneration for keeping the records and filing the return as required by this chapter.

Lost 5/16

Filed
May 14, 1963.

MILLER of Des Moines.

HOUSE FILE 550

Amend the Senate Amendment to House File 550, section twelve (12) line one hundred forty-one (141) by striking the number "fifteen (15)" and inserting in lieu thereof the number "twenty-five (25)".

ayes 20
nays 72

Filed and lost.
May 14, 1963.

GITTINS of Pottawattamie.

amended by Senate
Concurred by House
amended by House
ayes 58 - nays 45
5/16

April 22, 1963.

House File 550

By COMMITTEE ON WAYS AND MEANS.
(As Amended and Passed by the House.)

Explanation page 1726

Passed House, Date 4-18-63 Passed Senate, Date 5-8-63

Vote: Ayes 61 Nays 40 Vote: Ayes 28 Nays 22

Approved

Pass as amended 4/23
Ways & Means
Motion to defer lost 5/3
Reconsider vote
Lies 92-32 5/15
Reconsider Return
adoption of amendment 5/15
House concur in
Senate amendment
Senate amended by
further amendment
House
ayes 5
nays 4
House concurred 5/16
Conf. Com.
appointed 5/17
House insist
on House amendment
To Senate
amendment
ayes 92 nays
5/17
Shall Conf. Com.
report & amendment
be adopted 5/18
ayes 23 nays 26
Lost
Se Conf Com
Report p 1327
Senate 5/18

A BILL FOR

An Act relating to an increase in the tax imposed on cigarettes, on retail sales of tangible personal property, on gross receipts from operation of amusement devices and enterprises, and on the use tax; imposing a service tax on gross receipts for services performed by hotels, motels, rooming houses, tourist courts and trailer camps; relating to the apportionment and computation of the agricultural land tax credit; and relating to the tax levy for supplementary aid and general aid to school districts.

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

1 Section 1. Section two hundred eighty-six point four
2 (286.4), Code 1962, is hereby amended as follows:
3 1. By striking from line six (6), subsection two (2), the
4 rd "fifteen" and inserting in lieu thereof the word "seventeen".
5 2. By striking from line four (4), subsection three (3),
6 the word "fifteen" and inserting in lieu thereof the word
7 "seventeen".

1 Sec. 2. Section two hundred eighty-six A point one (286A.1),
2 Code 1962, is hereby amended by striking from line nine (9) the
3 word "fifteen" and inserting in lieu thereof the word "seventeen".

1 Sec. 3. Section four hundred twenty-two point forty-three
2 (442.43), Code 1962, is amended as follows:
3 1. By striking from lines two (2) and three (3) the words
4 and figures "April, 1937, a tax of two" and inserting in lieu
5 thereof the words and figures "July, 1963, a tax of three (3)".
6 2. By inserting following the semicolon after the word

7 "users" in line eight (8) the words "a like rate of tax on the
8 gross receipts derived from all services performed or rendered
9 to or for transients in connection with the operation of a hotel,
10 motel, rooming house, tourist court, or trailer camp;".
11 3. By striking from line twenty-three (23) the words and
12 figures "1947, a tax of two" and inserting in lieu thereof the
13 words and figures "1963, a tax of three (3)".

1 Sec. 4. Section four hundred twenty-three point two (423.2),
2 Code 1962, is hereby amended as follows:
3 By striking the word "two" in line five (5) and inserting
4 in lieu thereof the word "three (3)".

1 Sec. 5. Section four hundred twenty-six point three (426.3),
2 Code 1962, is hereby amended by striking the word "fifteen" from
3 lines seven (7) and thirteen (13) and inserting in lieu thereof
4 the word "seventeen (17)".

1 Sec. 6. Section four hundred twenty-six point six (426.6),
2 Code 1962, is hereby amended by striking from line thirteen (13)
3 and from lines fourteen (14) and fifteen (15) the word "fifteen"
4 and inserting in lieu thereof in both instances the word "seventeen
5 (17".

1 Sec. 7. Section ninety-eight point six (98.6), Code 1962, is
2 hereby amended by striking from line seven (7) of subsection one
3 (1) the word "two" and inserting in lieu thereof the words and
4 figures "two and one-half (2½)".

19 general aid, all school districts to receive an equal amount for
20 each student in average daily attendance as herein determined.
21 3. Allocate an amount not to exceed five million dollars
22 ($5,000,000) to the agricultural land credit fund as provided
23 in chapter four hundred twenty-six (426) of the Code, which
24 shall be in addition to the fund as provided for in said chapter,
25 and which shall be distributed in the same manner as therein
26 provided.
27 4. Any balance remaining in the "school property tax
28 replacement fund" after the distributions as above provided
29 have been made shall be distributed as an additional distribution
30 in the next succeeding year for the purpose provided by sub-
31 section two (2) of this section.

Strike Sec. 4
4/5 Carstensen

1 Sec. 4. In making such distributions, except for the amount
2 allocated to the agricultural land credit fund, the state comp-
3 troller shall draw warrants on the fund payable to the treasurers
4 of the several school districts of the state of Iowa submitting
5 claims. Payments shall be made in the priority listed in section
6 three (3) of this Act quarterly as the money becomes available
7 to the fund.

1 Sec. 5. Section two hundred eighty-six point four (286.4),
2 Code 1962, is hereby amended as follows:
3 1. By striking from line six (6), subsection two (2), the
4 word "fifteen" and inserting in lieu thereof the word "seventeen
5 (17)".
6 2. By strikng from line four (4), subsection three (3), the
7 word "fifteen" and inserting in lieu thereof the word "seventeen
8 (17)".

1 Sec. 6. Section two hundred eighty-six A point one (286A.1),

2 Code 1962, is hereby amended by striking from line nine (9) the
3 word "fifteen" and inserting in lieu thereof the word "seventeen
4 (17)".

1 Sec. 7. Section four hundred twenty-two point five (422.5),
2 Code 1962, is hereby amended as follows:

3 1. By striking from line two (2) the number "1934" and
4 inserting in lieu thereof the number "1963".

5 2. By striking from line four (4) the number "1937" and
6 inserting in lieu thereof the number "1963".

7 3. By striking from lines fourteen (14) and fifteen (15)
8 the words "three-fourths of".

9 4. By striking from lines seventeen (17) and eighteen (18)
10 the words "one and one-half" and inserting in lieu thereof the
11 word "two (2)".

12 5. By striking from lines twenty (20) and twenty-one (21)
13 the words "two and one-fourth" and inserting in lieu thereof
14 the word "three (3)".

15 6. By striking from line twenty-three (23) the word "three"
16 and inserting in lieu thereof the word "four (4)".

17 7. By striking from lines twenty-five (25) and twenty-six
18 (26) the words "three and three-fourths" and inserting in lieu
19 thereof the word "five (5)".

20 8. By striking from lines twenty-seven (27) and twenty-
21 eight (28) the words "three and three-fourths" and inserting
22 in lieu thereof the word "five (5)".

1 Sec. 8. Section four hundred twenty-two point thirty-three
2 (422.33), Code 1962, is hereby amended as follows:

3 By striking the word "three" in line six (6) and inserting
4 in lieu thereof the word "four (4)".

6 2. By inserting following the semicolon after the word
7 "users" in line eight (8) the words "a like rate of tax on the
8 gross receipts derived from all services performed or rendered
9 to or for transients in connection with the operation of a hotel,
10 motel, rooming house, tourist court, or trailer camp".
11 3. By striking from line twenty-three (23) the words and
12 figures "1947, a tax of two" and inserting in lieu thereof the
13 words and figures "1963, a tax of three (3)".
14 4. By striking lines fifty-five (55) through fifty-seven (57).
1 Sec. 9. Section four hundred twenty-two point sixty-two
2 (422.62), Code 1962, is hereby amended as follows:
3 1. Delete all of line twenty-three (23) following the comma
4 after the word "year" and substitute in lieu thereof the
5 following: "be credited monthly to and divided equally between
6 the school property tax replacement fund and the general fund."
7 2. Delete from line thirty-four (34) the words "to the
8 general fund" and insert in lieu thereof "to and divided equally
9 between the school property tax replacement fund and the general
10 fund".
11 3. Inserting in line forty-seven (47) following the word "to"
12 the words "and divided equally between the school property tax
13 replacement fund and".
1 Sec. 10. Section four hundred twenty-three point two (423.2),
2 Code 1962, is hereby amended as follows:
3 1. By striking the word "two" in line five (5) and inserting
4 in lieu thereof the word "three (3)".
1 Sec. 11. Section four hundred twenty-three point twenty-four
2 (423.24), Code 1962, is hereby amended by striking line nine (9)
3 and inserting in lieu thereof the words "credited to and divided

4 equally between the school property tax replacement fund and the
5 general fund."

1 Sec. 12. Section four hundred twenty-six point three (426.3),
2 Code 1962, is hereby amended by strikng the word "fifteen" from
3 lines seven (7) and thirteen (13) and inserting in lieu thereof
4 the word "seventeen (17)".

1 Sec. 13. Section four hundred twenty-six point six (426.6),
2 Code 1962, is hereby amended by striking from line thirteen (13)
3 and from lines fourteen (14) and fifteen (15) the word "fifteen"
4 and inserting in lieu thereof in both instances the word "seventeen
5 (17)".

1 Sec. 14. The state comptroller shall by May 1 furnish
2 estimates of revenues to be available for the school property
3 tax replacement fund for the following fiscal year to the state
4 department of public instruction. By June 1 the department of
5 public instruction shall notify each school district of the
6 estimate of funds to which it will be entitled during the
7 following fiscal year for each school aid distribution listed
8 in section three (3) of this Act.

1 Sec. 15. Section four hundred forty-five point five (445.5),
2 Code 1962, is hereby amended by adding the following:
3 The county treasurer shall show on the tax receipt of each
4 taxpayer the appropriate amount of state school aid tax benefit
5 such taxpayer receives under the provisions of this Act, and the
6 amount for each taxpayer shall be computed as follows:
7 1. By December 1, the state department of public instruction
8 shall certify to the treasurer of each county the estimated
9 amount of school aids provided by this Act to be received during
10 the current school year by each school district located in the

2 Code 1962, is hereby amended by adding the following:

3 The county treasurer shall show on the tax receipt of each
4 taxpayer the appropriate amount of state school aid tax benefit
5 such taxpayer receives under the provisions of this Act, and the
6 amount for each taxpayer shall be computed as follows:

7 1. By December 1, the state department of public instruction
8 shall certify to the treasurer of each county the estimated
9 amount of school aids provided by this Act to be received during
10 the current school year by each school district located in the
11 county.

12 2. The county treasurer shall determine the millage equiva-
13 lent of the amount of such school aid for the portion of the
14 district located in such county and apply this to the taxable
15 value of the property of each taxpayer.

16 This amount shall be shown on the tax receipt using the
17 following statement:

18 "$..... is the approximate amount your property tax
19 has been reduced as a result of state school aids paid to your
20 school district from state-collected taxes."

1 Sec. 18. The provisions of this Act apply equally to all
2 school districts of the state. If, however, a school district's
3 general fund expenditures per student enrolled in regular day
4 classes as of September 15 in the budget as adopted exceeds the
5 amount budgeted for the last preceding year, it shall receive
6 five (5) percent less state school aid than otherwise author-
7 ized by section three (3) of this Act for each one (1) percent
8 or major fraction thereof which the budgeted general fund ex-
9 penditures per student as enrolled above provided, exceeds the
10 budget of the last preceding year after allowing the percentage

Strike all of Sec. 18 see amendment 4/2 by Dunnison page 3

11 increase over the last preceding year without reduction of state
12 aid as follows:

13 If general fund budgeted expenditures per student is	Rate of increase without reducing state aid
14	
15 $300 or less	5%
16 $300.01 to $350	4%
17 $350.01 to $400	3%
18 $400.01 to $500	2%
19 $500.01 or more	1%

20

21 "any portion of said budget for emergency repairs to
22 buildings or for any changes, alterations or additions to
23 buildings ordered by the state fire marshal shall be excluded
24 in computing the expenditures for the purpose of this section."

1 Sec. 19. Sections one (1), two (2), three (3), four (4),
2 eleven (11), thirteen (13), sixteen (16), seventeen (17) and
3 eighteen (18) of this Act shall be of no effect from and after
4 July 1, 1969, and all funds in the school property tax re-
5 placement fund at that time shall be transferred to the general
6 fund of the state.

EXPLANATION OF HOUSE FILE 550

This bill will create a school property tax replacement fund, will provide for the revenue for its establishment, and prescribe the method for making distribution from such fund, and provide for revision in the general fund revenue to the state.

HOUSE FILE 550

1 Amend the committee amendment to House File 550 filed April 23,
2 1963, as follows:
3 By adding the following new sections after line 75:
4 1. "Section four hundred twenty-six point one (426.1), Code
5 1962, is amended by striking from line nine (9) the word 'eleven'
6 and inserting in lieu thereof the word 'twenty-one'.
7 2. "There is hereby appropriated from the general fund annually
8 for each year of the ensuing biennium to the department of public
9 instruction the sum of ten million dollars ($10,000,000) for
10 general state aid to the school districts as provided by chapter
11 two hundred eighty-six A (286A) of the Code; provided, however,
12 that no school districts shall receive financial aid under the
13 provisions of said chapter of the Code in the event a school tax
14 levy for the general fund of at least fifteen (15) mills was not
15 made in such district for the preceding year.
16 3. "There is hereby appropriated from the general fund annually
17 for each year of the ensuing biennium to a 'property tax credit
18 fund', which is hereby created, the sum of twenty-four million
19 dollars ($24,000,000), or so much thereof as may be available
20 from the revenue received and above the amount necessary so that
21 the balance in the general fund at the end of the fiscal year will
22 not be less than sixteen million dollars ($16,000,000), which shall
23 be distributed annually on warrants drawn by the state comptroller
24 and made payable to the county treasurers of the several counties
25 of the state. The revenue distributable shall be allocated each
26 year to the several counties in the same proportion that the
27 assessed valuation of the taxable real and personal property
28 in that county for the preceding tax year bears to the total
29 taxable real and personal property in the state for the preceding
30 tax year. Not later than October 1 in the year 1963, and annually
31 thereafter, the state comptroller shall certify to the county
32 treasurer of each county in the state the amount of money
33 that will be allocated to that county the following year. The
34 county treasurer shall thereupon enter a credit against the
35 tax bill of each taxpayer in said county, being the tax bill of
36 the current year due and payable the following year, and the
37 amount of said credit shall be in the same proportion to the
38 total amount so certified to the county treasurer by the state
39 comptroller as the assessed valuation of such taxpayer's taxable
40 real and personal property for the current tax year bears to
41 the total assessed valuation of taxable real and personal property
42 in that county for the current tax year. The amount of money so
43 credited to the taxpayers of the county shall be distributed by
44 the county treasurer to the several taxing districts of said
45 county upon the receipts in the following year of the comptroller's
46 warrant drawn on the property tax credit fund, the same as though
47 the amount thereof had been paid to the treasurer of said county
48 by the taxpayers of said taxing district.

Filed and adopted
May 8, 1965. By WALKER.

HOUSE FILE 550

1 Amend the ways and means committee amendment to House File 550,
2 filed April 23, 1963, by inserting after line fifteen (15) the
3 following:
4 "Five (5) percent of the revenues derived from the sales tax
5 on hotels and motels shall be placed in a 'tourism fund' which
6 is hereby created. The 'tourism fund' shall be expended by the
7 Iowa development commission to promote tourism in
8 Iowa."

Filed and adopted
May 8, 1963. By FLATT.

HOUSE FILE 550

1 Amend the ways and means committee amendment, filed April 23, 1963,
2 to House File 550, line 91, by inserting after the word "tax" the following:
3 "and the appropriation of revenue".

Filed and adopted
May 8, 1963. By SHAFF.

HOUSE FILE 550

1 Amend the committee amendment to House File 550, filed
2 April 23, 1963, as follows:
3 1. By adding the following new section after line 75 and renumbering the remaining sections:
4 "From the revenue derived by the provisions of this Act
5 there is hereby appropriated annually to a 'property tax credit
6 fund', which is hereby created, the sum of thirty million
7 dollars ($30,000,000), or so much thereof as may be available
8 above the amount necessary to keep the balance in the general
9 fund above sixteen million dollars ($16,000,000), which shall
10 be distributed annually on warrants drawn by the state comp-
11 troller and made payable to the county treasurers of the
12 several counties of the state. The revenue distributable shall
13 be allocated each year to the several counties in the same
14 proportion that the assessed valuation of the taxable real and
15 personal property in that county for the preceding tax year
16 bears to the total taxable real and personal property in the
17 state for the preceding tax years. Not later than October 1
18 in the year 1963, and annually thereafter, the state comptroller
19 shall certify to the county treasurer of each county in the
20 state the amount of money that will be allocated to that county
21 the following year. The county treasurer shall thereupon
22 enter a credit against the tax bill of each taxpayer in said
23 county, being the tax bill of the current year due and payable
24 the following year, and the amount of said credit shall be in
25 the same proportion to the total amount so certified to the
26 county treasurer by the state comptroller as the assessed
27 valuation of such taxpayer's taxable real and personal property
28 for the current tax year bears to the total assessed valuation
29 of taxable real and personal property in that county for the
30 current tax year. The amount of money so credited to the
31 taxpayers of the county shall be distributed by the county
32 treasurer to the several taxing districts of said county upon
33 the receipts in the following year of the comptroller's warrant
34 drawn on the property tax credit fund, the same as though the
35 amount thereof had been paid to the treasurer of said county
36 by the taxpayers of said taxing district."

Filed
May 7, 1963. Lost 5/8/63 By DYKHOUSE.

HOUSE FILE 550

1 Amend the committee amendment to House File 550 by adding the
2 following subsection to section 2:
3 "5. By inserting the following paragraph after the third
4 unnumbered paragraph of section four hundred twenty-two point
5 forty-three (422.43), Code 1962:
6 'Residents of states which impose not retail sales tax
7 on tangible personal property, and which states adjoin
8 counties of this state, may make purchases of tangible
9 personal property, consisting of goods, wares or merchandise,
10 in such adjoining counties without paying the retail sales
11 tax otherwise imposed herein provided such residents of such
12 adjoining states are in this state for the express purposes
13 of making purchases and not as tourists and provided they
14 execute affidavits for exemption forms furnished by the state
15 tax commission, and which forms are filed with t commission
16 by the vender at the time of filing his sales tax . m.'

Filed
May 7, 1963. adopted 5/8/63 By TURNER.

HOUSE FILE 550

1 Amend the committee amendment to House File 55 as follows:
2 1. By adding thereto the following:
3 "No owner shall be eligible for the agricultural land
4 credit provided herein unless a portion of the same property
5 or another plot related thereto for agricultural or
6 horticultural purposes is eligible for homestead credit as
7 provided by chapter four hundred twenty-five (425) for the
8 year in which agricultural credit is claimed; or unless the
9 plot for which agricultural credit is claimed is actually
10 utilized and operated by the owner as a part of his personal
11 agricultural or horticultural pursuits; or unless the plot
12 for which agricultural credit is claimed is owned by an owner
13 in retirement status and has been actually utilized and
14 operated as a part of the owner's personal agricultural or
15 horticultural pursuits at least five (5) consecutive years
16 before the owner's retirement."

Filed
May 7, 1963. Lost 5/8/63 By MINCKS and SCHROEDER.

HOUSE FILE 550

1 Amend the ways and means committee amendment to House
2 File 550, filed April 23, 1963 as follows:
3 1. By striking from line 63 the number "(358.11)" and
4 inserting in lieu thereof the number "(35B.11)".
5 2. By inserting after section 7 the following new sections:
6 A. "Section four hundred thirty-one point one (431.1),
7 Code 1962, is hereby amended by inserting in line eight (8)
8 after the word 'transacted.' the following sentence:
9 'Such moneys and credits shall be taxed at a rate of five
10 (5) mills in addition to any other tax on moneys and credits
11 provided by law, and the proceeds thereof distributed to taxing
12 districts as provided in section four hundred twenty-nine point
13 three (429.3) of the Code.'"
14 B. "Section four hundred twenty-two point thirteen (422.13),
15 Code 1962, is hereby amended by adding the following new sub-
16 section thereto.
17 '5. Every individual having income from dividends or
18 interest exceeding two hundred dollars ($200.00) for the tax
19 year shall make and sign a return even though not otherwise
20 required to do so.'"
21 C. "Chapter four hundred twenty-two (422), Code 1962, is
22 hereby amended by adding the following new section to Division
23 II thereof:
24 'Every individual taxpayer subject to filing an Iowa
25 income tax return shall make a separate accounting, on his tax
26 return, of interest and dividends received during the tax year
27 and forward to the tax commission, as a surtax, two (2) percent
28 of the amount thereof. The provisions of this section shall
29 not include the first two hundred (200) dollars of such
30 interest and dividends for every individual taxpayer nor
31 interest and dividends received on United States government
32 securities, bank stock, building and loan or savings and loan
33 association stock, insurance and annuity contracts, or on bonds or
34 any municipality, school district, drainage or levee district, certificates issued by
35 river-front improvement commission or county within the State
36 of Iowa. The amount of said surtax shall be paid at the
37 same time and in the same manner as income taxes due on the
38 tax return. The deductions provided for in section four
39 hundred twenty-two point twelve (422.12) of the Code shall not
40 be available against the surtax. The total amount of all
41 surtaxes collected hereunder shall be returned to the county
42 of origin as indicated by the tax return of the taxpayer.
43 Surtaxes paid by nonresidents shall be credited to the state
44 general fund.
45 'The state tax commission shall make a separate account
46 of the amount of said surtax received from each county and on
47 the first day of each calendar quarter certify to the state
48 treasurer and state comptroller the amounts determined as due
49 each county and the comptroller shall thereupon draw warrants
50 for the said amounts and transmit same to the various county
51 auditors for deposit with the county treasurers. Each county
52 auditor shall apportion said funds in the same manner as receipts
53 from moneys and credits are apportioned as provided in section
54 four hundred twenty-nine point three (429.3) of the Code.'"
55 3. By adding to line 91 after the word "tax" the words
56 "and to levy a tax on the interest and dividends from investments".
57 4. Further amend by renumbering the sections in conformity
58 with this amendment.

Filed and adopted
May 8, 1963.

By BENEKE and LUCKEN.

HOUSE FILE 550

1 Amend the committee amendment to House File 550 by
2 inserting the following new section immediately before
3 line 80:
4 "If any provisions of this Act or the application of
5 such provision to any person or circumstance shall be held
6 invalid, the remainder of this Act or the application of
7 such provision to persons or circumstances other than those
8 to which it is held invalid shall not be affected thereby."

Filed and adopted
May 8, 1963.

By SHAFF.

39 the word 'three' and inserting in lieu thereof the word 'four'.
40 "Sec. 6. Chapter four hundred twenty-seven (427), Code 1962,
41 is amended as follows:
42 1. Section four hundred twenty-seven point one (427.1), Code
43 1962, is hereby amended by striking all of lines one (1) through
44 six (6) of subsection sixteen (16) and by inserting in lieu
45 thereof the following:
46 'All tangible personal property customarily located and used in
47 or about the private residence or residences of the owner of said
48 property, everything used in a private home as household goods
49 and food.'
50 2. Section four hundred twenty-seven point thirteen (427.13),
51 Code 1962, is amended by striking subsections ten (10) and
52 eleven (11).
53 "Sec. 7. Chapter four hundred twenty-nine (429), Code 1962, is
54 amended as follows:
1. Section four hundred twenty-nine point two (429.2), Code
962, is hereby amended by striking from line nineteen (19)
ereof the words 'five mills' and inserting in lieu thereof the
rd 'one mill'.
2. Section four hundred twenty-nine point two (429.2), Code
60 1962, is further amended by adding the following thereto:
61 'The millage tax provided for in this section shall be and is
62 the same as provided for in section thirty-five B point eleven
63 (35B.11) of the Code and shall not be levied in addition thereto.
64 e millage rate shall be remitted to the treasurer of state and
65 applied to the payment of principal and interest of the Korean War
eterans' bonus bonds.'
67 3. Section four hundred twenty-nine point three (429.3),
68 de 1962, is hereby amended by striking all of lines one (1)
l two (2) and the words 'and credits and' from line three (3)
70 and inserting in lieu thereof the following:
71 'he tax imposed by section four hundred thirty point seven
(.7) of the Code shall be five (5) mills on the dollar and
73 that tax, together with the taxes imposed by sections four hundred
74 thirty A point three (430A.3) and four hundred thirty-one point
75 ten (431.10) of the Code,'.
76 "Sec. 8. The increase in tax provided for in sections two (2)
77 and four (4) of this Act shall not apply to tangible personal
78 property used in the performance of a building or construction
79 contract executed prior to the effective date of this Act.
80 "Sec. 9. This Act, being deemed of immediate importance shall
81 be in full force and effect July 1, 1963, after its passage and
82 publication in The Clinton Herald, a newspaper published at
83 Clinton, Iowa, and in the Grinnell Herald-Register, a newspaper
84 published at Grinnell, Iowa."
85 2. Further amend the title to House File 550 by
86 striking all after the word "Act" in line 1 and by
87 inserting in lieu thereof the following:
88 "relating to taxation and an increase in sales and
89 use taxes, corporation income tax, and taxing sleeping
90 rooms and the repeal of moneys and credits tax and
91 personal property tax."

Filed
April 23, 1963. adopted 5/8/63

By COMMITTEE ON WAYS AND MEANS,
DAVID O. SHAFF, *Chairman*.

HOUSE FILE 550

1 Amend the committee amendment to House File 550 by inserting in
2 line 78 after the word "property", the following:
3 "as building materials, supplies and equipment, but not the
4 constructors own tools or equipment".

adopted 5/8

By SHAFF.

Filed
April 30, 1963.

HOUSE FILE 550

Amend the committee amendment to House File 550, filed April 23, 1963, by adding thereto the following additional sections:

1. "For the purpose of this Act, the following definitions and limitations shall apply:

a. 'Trading stamp company' means any person engaged in any manner in distributing trading stamps for retail issuance by others or in redeeming trading stamps for retailers.

b. 'Trading stamp' means any stamp or similar device issued in connection with the retail sale of merchandise or other services provided to a customer as a cash discount or for any other marketing purpose whether issued in connection with an advertising plan or otherwise which entitles the rightful holder, on its due presentation for redemption, to receive merchandise, service, cash, or any other thing of value.

c. 'Trading stamp' does not include any redeemable device used by the manufacturer or packer of an article, in advertising or selling it, or any redeemable device issued and redeemed by a newspaper, magazine, or other publication. The term 'manufacturer' or 'packer' as used in this section means any vendor of an article of merchandise which is put up by him in an original package and which is sold under his or its trade name, brand or mark.

d. 'Trading stamp' does not include any coupon, caused to be prepared by the merchant using the same and distributed by him to his customers, which coupon, ticket, certificate, card, or other similar device is redeemable only by such merchant for or in connection with the purchase of specific articles of merchandise carried in his stock.

e. The devices described in paragraphs 'c' and 'd' are not subject to the tax imposed."

2. "There is hereby imposed a tax of five per cent (5%) on all of the proceeds from sales made by trading stamp companies in Iowa as reported by them on form IT2A to the Iowa state tax commission on their corporate income tax return.

"Said tax shall be in addition to all other taxes now assessed against trading stamp companies and shall be payable by the trading stamp companies to the treasurer of the State of Iowa at the time their income tax is paid either on a calendar or fiscal year depending upon the method used by the company to report its Iowa income.

"For the purposes of paying the tax, if the trading stamp company does not file a corporation tax return he shall report his gross proceeds from sales made in Iowa directly to the treasurer and pay the tax thereabove stated."

3. "Proceeds from the tax levied upon trading stamp companies shall be credited to the general fund of the state."

4. "If any sentence, clause, provision, or section of this Act shall be held unconstitutional, such decision shall not affect the validity or the constitutionality of any other sentence, clause, provision, or section herein contained and it shall be conclusively presumed that the legislature would have enacted the remainder of this Act without the sentence, clause, provision, or section so held unconstitutional."

Filed and lost
May 8, 1963.

By CAMPBELL, DORAN and ELTHON.

HOUSE FILE 550

Amend the committee amendment to House File 550 by adding the following subsection to section 2:

"5. By inserting the following paragraph after the fourth unnumbered paragraph of section four hundred twenty-two point forty-three (422.43), Code 1962:

'Recognizing the human characteristic to purchase certain goods at their lowest possible cost, and, acknowledging that the State of Iowa borders on two states that have no sales tax, the legislature finds as a matter of fact that an increase in the sales tax to those sellers and buyers so located will work an economic hardship. Therefore, in counties adjoining states with no sales tax on tangible personal property, the tax upon the gross receipts of sellers from all sales of tangible personal property, consisting of goods, wares or merchandise, except as otherwise provided in this division, sold at retail in such counties to consumers or users, shall be at a rate of two per cent (2%) in lieu of the three per cent (3%) rate otherwise imposed herein.'"

Filed
May 2, 1963. Lost 5/7

By TURNER.

HOUSE FILE 550

1 Amend the ways and means committee amendment to House File
2 550 by adding the following new section:
3 There is hereby appropriated annually from the general fund
4 to an "urban land tax credit fund" the sum of ten million dollars
5 ($10,000,000) which shall be distributed annually on warrants
6 drawn by the state comptroller and made payable to the county
7 treasurers of the several counties of the state. The revenue
8 distributable shall be allocated each year to the several
9 counties in the same proportion that the total assessed valua-
10 tion of the taxable real and personal property in all cities and
11 towns in that county for the preceding tax year bears to the
12 total taxable real and personal property in all cities and
13 towns in the state for the preceding tax year. Not later than
14 October 1 in the year 1963, and annually thereafter, the state
15 comptroller shall certify to the county auditor of each county
16 in the state the amount of money that will be allocated to that
17 county the following year. The county auditor shall thereupon
18 enter a credit against the tax bill of each taxpayer owning
19 property within the corporate limits of a city or town in said
20 county, being the tax bill of the current year due and payable
21 the following year, and the amount of said credit shall be in
22 the same proportion to the total amount so certified to the
23 county auditor by the state comptroller as the assessed valuation
24 of such taxpayers' taxable real and personal property within the
25 corporate limits of a city or town in said county for the current
26 tax year bears to the total assessed valuation of all taxable
27 real and personal property in cities and towns in that county
28 for the current tax year. The amount of money so credited to
29 the taxpayers having property in the cities and towns of the
30 county shall be distributed by the county treasurer to the
31 appropriate taxing districts of said county upon the receipt
32 in the following year of the comptroller's warrant drawn on
33 the urban land tax credit fund, the same as though the amount
34 thereof had been paid to the treasurer of said county by the
35 taxpayers of said taxing district.

Filed and lost
May 8, 1963.

By SCHROEDER.

HOUSE FILE 550

1 Amend the ways and means committee amendment to House
2 File 550, filed April 23, 1963, as follows:
3 1. By striking all of lines 20 and 21 and by striking
4 the numeral "3" in line 22, and by inserting in lieu thereof
5 the numeral "2".
6 2. By striking the numeral "4" in line 26, and by
7 inserting in lieu thereof the numeral "3".
8 3. By striking the words "and by" from line 27 and by
9 striking all of lines 28 and 29, and by inserting in lieu
10 thereof a period (.).
11 4. By striking all of lines 33 through 36 inclusive and
12 by striking the numeral "5" in line 37, and by inserting in
13 lieu thereof the numeral "4".
14 5. By striking the numeral "6" in line 40, and by
15 inserting in lieu thereof the numeral "5".
16 6. By striking the numeral "7" in line 53, and by insert-
17 ing in lieu thereof the numeral "6".
18 7. By striking all of lines 76 and 77, and by inserting
19 in lieu thereof the following:
20 "Sec. 7. The imposition of tax as provided herein shall
21 not apply to tangible personal".
22 8. By striking the numeral "9" in line 80, and by
23 inserting in lieu thereof the numeral "8".
24 9. By striking the following from lines 88 and 89: "and
25 an increase in sales and use taxes".

Filed Lost
April 24, 1963. 5/7

By LISLE, DYKHOUSE, GRIFFIN, TURNER, VAN EATON and SHOEMAN.

HOUSE FILE 550

1 Amend House File 550, Section 10, by adding thereto the
2 following paragraph:
3 The increase in tax provided for in subsections one (1),
4 two (2) and three (3) of this section shall not apply to
5 tangible personal property used in the performance of building
6 and construction contracts entered into prior to the effective
7 date of this Act.

see #5 on committee amendments 4/17

Filed
April 2, 1963.

adopted 4/17

VERMEER of Marion.

HOUSE FILE 550

1 Amend House File 550 by adding thereto the text
2 of House File 485, except section 4 of House File 485.

Filed
April 8, 1963.

aye 27
nay 71
Lost 4/18

WORTHINGTON of Decatur.
STANLEY of Muscatine.
DUNTON of Keokuk.
HAGEDORN of Clay.
EVELAND of Boone.
DENMAN of Polk.

HOUSE FILE 550

1 Amend the Petersen, et al., amendment to House File 550, section 1,
line ten (10), by inserting
2 after the words "dollars" the following:
3 "multiplied by the number of exemption and dependency credits
4 to which the taxpayer is entitled, and such additional exemption
5 and dependency credits as may be established by law based upon
6 age and/or physical limitations."

Filed and adopted in committee of whole
April 9, 1963.

HAGEDORN of Clay.

HOUSE FILE 550

1 Amend the Petersen of Dallas, et al., amendment to House
2 File 550, filed April 8, 1963, by adding the following at the
3 end of Section 12:
4 No school district having a school classified as
5 "nonapproved" shall be eligible to receive any state equalization
6 aid or other state aid.

Filed and adopted by committee of whole
April 9, 1963.

STANLEY of Muscatine.
DUNTON of Keokuk.

HOUSE FILE 550

1 Amend the Hougen-Goode amendment filed April 3 to House File
2 550 by striking from lines one hundred sixteen (116) and one
3 hundred seventeen (117) the words "and six hundred ten (610)".

Filed and adopted in committee of whole
April 10, 1963.

MESSERLY of Black Hawk.

HOUSE FILE 550

1 Amend the Hougen and Goode amendment by striking all of
2 subsection five (5) of section three (3) after the period
3 (.) in line one hundred twenty-four (124).

Filed and adopted in committee of whole
April 10, 1963.

GOODE of Davis.

HOUSE FILE 550

1 Amend the Meyer amendment filed March 29 to House File 550
2 by striking from lines two (2) and three (3) the words "striking
3 all of section 7 and inserting in lieu thereof" and inserting
4 in lieu thereof the words "adding as a new section".

Filed and adopted in committee of whole
April 10, 1963.

BARINGER of Fayette.

HOUSE FILE 550

1 Amend the Hougen-Goode amendment April 3 by adding
2 after the figures "(147)" in line one hundred sixteen (116)
3 the following words "except practitioners of cosmetology and
4 barbering".

Filed and adopted in committee of whole,
April 11, 1963.

RILEY of Linn.

HOUSE FILE 550

1 Amend House File 550, section 12, by adding thereto the following
2 paragraph:
3 The increase in tax provided for in this section shall not apply
4 to tangible personal property used in the performance of building and
5 construction contracts entered into prior to the effective date of
6 this Act.

Filed and adopted in committee of whole ✓
April 15, 1963.

VERMEER of Marion.

HOUSE FILE 550

1 Amend the Shaw, Hougen and Wright amendment to
2 House File 550 by striking in line 105 the words "their
3 net earnings" and striking all of line 106, and inserting
4 in lieu thereof the following: "the portion of its net
5 earnings attributable to the State of Iowa, as determined
6 under reasonable rules and regulations established by
7 the state tax commission, but in any event such annual
8 license fee shall not be less than one hundred (100) dollars."

Filed and adopted in committee of whole
April 16, 1963.

STANLEY of Muscatine.

HOUSE FILE 550

1 Amend the amendment to House File 550, filed April 16, by
2 Vermeer of Marion and Hougen of Black Hawk by adding thereto
3 the following section:
4 3. The provisions of sections one (1) and two (2) shall
5 not apply to any rental or lease item on which sales tax has
6 been paid.

Filed
April 17, 1963.

adopted 4/18

REPPERT of Polk.

HOUSE FILE 550

1 Amend House File 550 by adding thereto the following:
2 Section 1. Section four hundred twenty-three point
3 one (423.1), Code 1962, is hereby amended as follows:
4 1. By striking all of subsection one (1) after the
5 word "current" in line sixteen (16) and inserting in
6 lieu thereof a period (.).

Vote ayes 49 nays 46. 4/17

Substitute for amendments 4 & 7 of committee amendment

Filed and adopted
April 17, 1963.

GOODE of Davis.

HOUSE FILE 550

1 Amend the Carstensen and Camp amendment, filed April 17, to
2 House File 550 by striking subsection four (4) of section 3
3 thereof.

Filed and adopted
April 18, 1963.

CARSTENSEN of Clinton.

HOUSE FILE 550

1 Amend the Carstensen and Camp amendment, filed April 17, to
2 House File 550 by adding thereto a new section as follows:
3 Sec. 7. Section ninety-eight point six (98.6), Code 1962,
4 is hereby amended by striking from line seven (7) of subsection
5 one (1) the word "two" and inserting in lieu thereof the words
6 and figures "two and one-half (2½)".

Filed and adopted
April 18, 1963.

MOWRY of Marshall.

SENATE AMENDMENT TO HOUSE FILE 550

1 Amend House File 550 as follows:
2 1. By striking all after the enacting clause and inserting in lieu thereof
3 the following:
4 "Section 1. Section four hundred twenty-two point forty-two
5 (422.42), Code 1962, is hereby amended as follows:
6 1. By adding an additional subsection as follows:
7 'The word "room" applies only to accommodations referred to
8 generally as "sleeping rooms" and does not apply to accommodations in
9 the nature of ballrooms, banquet rooms, reception rooms, meeting
10 rooms and office space, nor does it apply where room is rented to an
11 individual, firm, association or corporation for a period of more than
12 twenty-eight (28) consecutive days.'
13 2. By adding after the word 'users,' in line six (6) of subsection
14 three (3), the words 'and the sale of the use of a room as herein defined,'.
15 "Sec. 2. Section four hundred twenty-two point forty-three
16 (442.43), Code 1962, is hereby amended as follows:
17 1. By striking from line two (2) the words and figures 'beginning
18 the first day of April, 1937,'.
19 2. By striking from line three (3) the word 'two' and inserting
20 in lieu thereof the word 'three'.
21 3. By inserting at the end of the first paragraph the words
22 '; also a like rate on the gross receipts from the sale of the use of a
23 room in an inn, hotel, motel, public lodging house, tourist court or
24 trailer camp.
25 Five (5) percent of the revenues derived from the sales tax on
26 hotels and motels shall be placed in a "tourism fund" which is hereby
27 created. The "tourism fund" shall be expended by the Iowa development
28 commission to promote tourism in Iowa.'.
29 4. By striking from lines twenty-two (22) and twenty-three (23) the
30 words and figures 'beginning with the first day of July, 1947,' and by
31 striking from line twenty-three (23) the word 'two' and inserting in lieu
32 thereof the word 'three'.
33 5. By inserting the following paragraph after the third unnumbered
34 paragraph of section four hundred twenty-two point forty-three (422.43),
35 Code 1962:
36 'Residents of states which impose no retail sales tax on tangible
37 personal property, and which states adjoin counties of this state, may
38 make purchases of tangible personal property, consisting of goods, wares
39 or merchandise, in such adjoining counties without paying the retail sales
40 tax otherwise imposed herein, provided such residents of such adjoining
41 states are in this state for the express purposes of making purchases and
42 not as tourists and provided they execute affidavits for exemption forms
43 furnished by the state tax commission, and which forms are filed with
44 the commission by the vendor at the time of filing his sales tax return.'.
45 "Sec. 3. Section four hundred twenty-two point sixty-two (422.62),
46 Code 1962, is hereby amended by adding to line twenty-eight (28) after
47 the word 'of' the words 'two-thirds of'.
48 Section three hundred twelve point one (312.1), Code 1962, is amended
49 by adding after the word 'percent' in line three (3) of subsection four (4)
50 the words 'of two-thirds'.
51 "Sec. 4. Section four hundred twenty-three point two (423.2), Code 1962,
52 is hereby amended as follows:
53 1. By striking the word 'two' in line five (5) and inserting in lieu thereof
54 the word 'three'.
55 "Sec. 5. Amend chapter four hundred twenty-two point thirty-
56 three (422.33), Code 1962, by striking from line six (6) thereof the
57 word 'three' and inserting in lieu thereof the word 'four'.
58 "Sec. 6. Chapter four hundred twenty-seven (427), Code 1962,
59 is amended as follows:
60 1. Section four hundred twenty-seven point one (427.1), Code
61 1962, is hereby amended by striking all of lines one (1) through six (6)
62 of subsection sixteen (16) and by inserting in lieu thereof the following:
63 'All tangible personal property customarily located and used in
64 or about the private residence or residences of the owner of said
65 property, everything used in a private home as household goods and
66 food.'.
67 2. Section four hundred twenty-seven point thirteen (427.13),
68 Code 1962, is amended by striking subsections ten (10) and eleven (11).

69 "Sec. 7. Chapter four hundred twenty-nine (429), Code 1962, is
70 amended as follows:
71 1. Section four hundred twenty-nine point two (429.2), Code 1962,
72 is hereby amended by striking from line nineteen (19) thereof the words
73 'five mills' and inserting in lieu thereof the words 'one mill'.
74 2. Section four hundred twenty-nine point two (429.2), Code 1962,
75 is further amended by adding the following thereto:
76 'The millage tax provided for in this section shall be and is the
77 same as provided for in section thirty-five B point eleven (35B.11) of
78 the Code and shall not be levied in addition thereto. The millage rate
79 shall be remitted to the treasurer of state and applied to the payment
80 of principal and interest of the Korean War Veterans' bonus bonds.'.
81 3. Section four hundred twenty-nine point three (429.3), Code 1962,
82 is hereby amended by striking all of lines one (1) and two (2) and the
83 words 'and credits and' from line three (3) and inserting in lieu thereof
84 the following:
85 'The tax imposed by section four hundred thirty point seven (430.7)
86 of the Code shall be five (5) mills on the dollar and that tax, together
87 with the taxes imposed by sections four hundred thirty A point three
88 (430A.3) and four hundred thirty-one point ten (431.10) of the Code,'.
89 "Sec. 8. Section four hundred thirty-one point one (431.1), Code 1962,
90 is hereby amended by inserting in line eight (8) after the word 'transacted.'
91 the following sentence:
92 'Such moneys and credits shall be taxed at a rate of five (5) mills in
93 addition to any other tax on moneys and credits provided by law, and the
94 proceeds thereof distributed to taxing districts as provided in section
95 four hundred twenty-nine point three (429.3) of the Code.'.
96 "Sec. 9. Section four hundred twenty-two point thirteen (422.13),
97 Code 1962, is hereby amended by adding the following new subsection
98 thereo:
99 '5. Every individual having income from dividends or interest
100 exceeding two hundred dollars ($200.00) for the tax year shall make and
101 sign a return even though not otherwise required to do so.'.
102 "Sec. 10. Chapter four hundred twenty-two (422), Code 1962, is
103 hereby amended by adding the following new section to Division II thereof:
104 'Every individual taxpayer subject to filing an Iowa income tax return
105 shall make a separate accounting, on his tax return, of interest and
106 dividends received during the tax year and forward to the tax commission,
107 as a surtax, two (2) percent of the amount thereof. The provisions of
108 this section shall not include the first two hundred (200) dollars of such
109 interest and dividends for every individual taxpayer nor interest and
110 dividends received on United States government securities, bank stock,
111 building and loan or savings and loan association stock, insurance and
112 annuity contracts, or on bonds or certificates issued by any municipality,
113 school district, drainage or levee district, river-front improvement
114 commission or county within the state of Iowa. The amount of said surtax
115 shall be paid at the same time and in the same manner as income taxes
116 due on the tax return. The deductions provided for in section four
117 hundred twenty-two point twelve (422.12) of the Code shall not be
118 available against the surtax. The total amount of all surtaxes collected
119 hereunder shall be returned to the county of origin as indicated by the
120 tax return of the taxpayer. Surtaxes paid by nonresidents shall be
121 credited to the state general fund.
122 'The state tax commission shall make a separate account of the
123 amount of said surtax received from each county and on the first day
124 of each calendar quarter certify to the state treasurer and state comptroller
125 the amounts determined as due each county and the comptroller shall
126 thereupon draw warrants for the said amounts and transmit same to the
127 various county auditors for deposit with the county treasurers. Each
128 county auditor shall apportion said funds in the same manner as receipts
129 from moneys and credits are apportioned as provided in section four
130 hundred twenty-nine point three (429.3) of the Code.'.
131 "Sec. 11. Section four hundred twenty-six point one (426.1), Code
132 1962, is amended by striking from line nine (9) the word 'eleven' and
133 inserting in lieu thereof the word 'twenty-one'.
134 "Sec. 12. There is hereby appropriated from the general fund
135 annually for each year of the ensuing biennium to the department of
136 public instruction the sum of ten million dollars ($10,000,000) for
137 general state aid to the school districts as provided by chapter two

138 hundred eighty-six A (286A) of the Code; provided, however, that no
139 school districts shall receive financial aid under the provisions of
140 said chapter of the Code in the event a school tax levy for the general
141 fund of at least fifteen (15) mills was not made in such district for the
142 preceding year.
143 "Sec. 13. There is hereby appropriated from the general fund
144 annually for each year of the ensuing biennium to a 'property tax
145 credit fund', which is hereby created, the sum of twenty-four million
146 dollars ($24,000,000), or so much thereof as may be available from
147 the revenue received and above the amount necessary so that the balance
148 in the general fund at the end of the fiscal year will not be less than
149 sixteen million dollars ($16,000,000), which shall be distributed annually
150 on warrants drawn by the state comptroller and made payable to the county
151 treasurers of the several counties of the state. The revenue distributable
152 shall be allocated each year to the several counties in the same proportion
153 that the assessed valuation of the taxable real and personal property in
154 that county for the preceding tax year bears to the total taxable real and
155 personal property in the state for the preceding tax year. Not later than
156 October 1 in the year 1963, and annually thereafter, the state comptroller
157 shall certify to the county treasurer of each county in the state the amount
158 of money that will be allocated to that county the following year. The
159 county treasurer shall thereupon enter a credit against the tax bill of
160 each taxpayer in said county, being the tax bill of the current year due
161 and payable the following year, and the amount of said credit shall be in
162 the same proportion to the total amount so certified to the county treasurer
163 by the state comptroller as the assessed valuation of such taxpayer's
164 taxable real and personal property for the current tax year bears to
165 the total assessed valuation of taxable real and personal property in that
166 county for the current tax year. The amount of money so credited to the
167 taxpayers of the county shall be distributed by the county treasurer to the
168 several taxing districts of said county upon the receipts in the following
169 year of the comptroller's warrant drawn on the property tax credit fund,
170 the same as though the amount thereof had been paid to the treasurer of
171 said county by the taxpayers of said taxing district.
172 "Sec. 14. The increase in tax provided for in sections two (2) and
173 four (4) of this Act shall not apply to tangible personal property as
174 building materials, supplies and equipment, but not the constructors'
175 own tools or equipment, used in the performance of a building or
176 construction contract executed prior to the effective date of this Act.
177 "Sec. 15. Section four hundred twenty-three point two (423.2)
178 Code 1962, is hereby further amended by inserting following the word
179 'property' in line six (6) the following, 'except that the tax on new motor
180 vehicles, and new trailers shall be at the rate of two (2) percent'.
181 Sec. 16. Section three hundred twenty-one point one hundred
182 twelve (321.112), Code 1962, is hereby amended by striking from line
183 four (4) the word 'ten' and inserting in lieu thereof the word 'fifteen'.
184 "Sec. 17. Section three hundred twenty-one point one hundred
185 thirteen (321.113), Code 1962, is hereby amended by striking line
186 seven (7) thereof.
187 "Sec. 18. Section three hundred twenty-one point one hundred
188 thirteen (321.113), Code 1962, is hereby further amended by striking
189 all of the section beginning with the word 'Where' in line three (3)
190 of the fourth paragraph and inserting in lieu thereof the following:
191 'Where the seventh registration fee for a motor vehicle has been
192 computed and fixed by the department prior to July 4, 1963, and such
193 vehicle has not been registered eight (8) times, that part of the
194 registration fee which is based on the value of the vehicle shall remain
195 at fifty (50) percent for the eighth registration.'.
196 "Sec. 19. Section three hundred twenty-one point one hundred
197 sixty-two (321.162), Code 1962, is hereby amended by striking from
198 line one (1) the word 'one' and inserting in lieu thereof the word 'three'.

HOUSE FILE 550

1 Amend House File 550 by striking all after the enacting
2 clause and by inserting in lieu thereof the following:
3 Section 1. Section two hundred eighty-six point four
4 (286.4), Code 1962, is hereby amended as follows:
5 1. By striking from line six (6), subsection two (2), the
6 word "fifteen" and inserting in lieu thereof the word "seventeen".
7 2. By striking from line four (4), subsection three (3),
8 the word "fifteen" and inserting in lieu thereof the word "seventeen".
9 Sec. 2. Section two hundred eighty-six A point one (286A.1),
10 Code 1962, is hereby amended by striking from line nine (9) the
11 word "fifteen" and inserting in lieu thereof the word "seventeen".
12 Sec. 3. Section four hundred twenty-two point forty-three
13 (422.43), Code 1962, is amended as follows:
14 1. By striking from lines two (2) and three (3) the words
15 and figures "April, 1937, a tax of two" and inserting in lieu
16 thereof the words and figures "July, 1963, a tax of three (3)".
17 2. By inserting following the semicolon after the word
18 "users" in line eight (8) the words "a like rate of tax on the
19 gross receipts derived from all services performed or rendered
20 to or for transients in connection with the operation of a hotel,
21 motel, rooming house, tourist court, or trailer camp".
22 3. By striking from line twenty-three (23) the words and
23 figures "1947, a tax of two" and inserting in lieu thereof the
24 words and figures "1963, a tax of three (3)".
25 4. By striking lines fifty-five (55) through fifty-seven (57).
26 Sec. 4. Section four hundred twenty-three point two (423.2),
27 Code 1962, is hereby amended as follows:
28 By striking the word "two" in line five (5) and inserting
29 in lieu thereof the word "three (3)".
30 Sec. 5. Section four hundred twenty-six point three (426.3),
31 Code 1962, is hereby amended by striking the word "fifteen" from
32 lines seven (7) and thirteen (13) and inserting in lieu thereof
33 the word "seventeen (17)".
34 Sec. 6. Section four hundred twenty-six point six (426.6),
35 Code 1962, is hereby amended by striking from line thirteen (13)
36 and from lines fourteen (14) and fifteen (15) the word "fifteen"
37 and inserting in lieu thereof in both instances the word "seventeen
38 (17)".

as amended 4/18 adopted 4/18
ayes 61 nays 37

Filed
April 17, 1963.

CARSTENSEN of Clinton.
CAMP of Clinton.

HOUSE FILE 550

1 Amend the title to House File 550 by striking all after the
2 word "Act" and inserting in lieu thereof the following: "relating
3 to an increase in the tax imposed on cigarettes, on retail sales
4 of tangible personal property, on gross receipts from operation
5 of amusement devices and enterprises, and on the use tax; im-
6 posing a service tax on gross receipts for services performed by
7 hotels, motels, rooming houses, tourist courts and trailer camps;
8 relating to the apportionment and computation of the agricultural
9 land tax credit; and relating to the tax levy for supplementary
10 aid and general aid to school districts.

Filed and adopted
April 18, 1963.

VERMEER of Marion.

Amend the committee on ways and means amendment to House File 550 filed April 23, 1963, as follows:

1. By striking all of lines 37 through 39, inclusive, and inserting in lieu thereof the following:

"Sec. 5. Section four hundred twenty-two point thirty-three (422.33), Code 1962, is hereby repealed and the following enacted in lieu thereof:

'A tax is hereby imposed upon each corporation organized under the laws of the state, and upon every foreign corporation engaged in income producing activities in this state, annually in an amount equivalent to three percent of the net income received by such corporation during the income year.

1. If the income producing activities of the corporation are carried on entirely within the state, the tax shall be imposed on the entire net income, but if such income producing activities are carried on partly within and partly without the state, the tax shall be imposed only on the portion of the net income reasonably attributable to the state, said net income attributable to the state to be determined as follows:

a. Interest, dividends, rents, and royalties (less stated expenses) received in connection with income producing activities in the state, shall be allocated to the state, and where received in connection with income producing activities outside the state shall be allocated outside the state.

b. Net income of the above class having been separately allocated and deducted as above provided, the remainder of the net income of the taxpayer shall be allocated and apportioned as follows:

Where income is derived from income producing activities other than the manufacture or sale of tangible personal property or compensation for performance of labor or personal services, such income shall be specifically allocated or equitably apportioned within and without the state under rules and regulations of the commission.

Where income is derived from the manufacture or sale of tangible personal property, the part thereof attributable to income producing activities within the state shall be allocated to Iowa on the basis of the percentage computed by taking the arithmetical average of the following three percentages:

(1). The percentage which the sales made in Iowa is of total sales wherever made. Sales made in Iowa include sales made through, from, or by offices, agencies, branches, stores or personal solicitation of salesmen or representatives in Iowa, whether or not such salesmen or representatives are residents of Iowa.

(2). The percentage which the total tangible property, real, personal, and mixed, owned or used by the taxpayer in this state in connection with such income producing activities, is of the total tangible property, real, personal, or mixed, wherever located, owned, or used by the taxpayer in connection with such income producing activities; and

(3). The percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with such income producing activities is of the taxpayer's total payrolls paid or incurred in connection with such income producing activities.

(4). In computing the percentages under subparagraphs one (1), two (2) and three (3) above the valuation of transient property, such as motor vehicles, shall be apportioned in a manner to reflect the use of such property within and without the State of Iowa. The valuation of tangible property, other than inventories, shall be its depreciated tax cost for income tax purposes at the end of the tax year, except that if such valuation does not fairly reflect the total tangible property owned or used by the taxpayer in this state during such tax year, such valuation shall be the average valuation of such property so owned or used during the tax year to be determined on the basis of sound accounting practices. All inventories shall be valued at total book cost at the end of the tax year, except that if such book cost does not fairly reflect the total inventory owned or used by the taxpayer during the tax year, such valuation shall be the average valuation of such property so owned or used during the tax year to be determined on the basis of sound accounting practices. For corporations occupying rented properties or using leased equipment, such property shall be valued at eight (8) times the annual net rental payments. For purposes of this computation, payrolls shall include wages, salaries, commissions, bonuses, and all remuneration paid as compensation for employees' personal services and shall be considered payrolls paid or incurred in this state, or paid in respect to labor performed in this state, if the

filed 4/24 Fuel

83 duties of the employee normally require said employee to spend
84 one-half or more of his working time in Iowa, without regard
85 to the legal residence of the employee.
86 For the purpose of this section, the word "sale" shall
87 include exchange, and the word "manufacture" shall include the
88 extraction and recovery of natural resources and all processes
89 of fabricating and curing. The words "tangible personal prop-
90 erty" shall be taken to mean corporal personal property,
91 such as machinery, tools, implements, goods, wares, and mer-
92 chandise, and shall not be taken to mean money deposits in
93 banks, shares of stock, bonds, notes, credits, or evidence of
94 an interest in property and evidence of debt.
95 2. If any taxpayer believes that the method of alloca-
96 tion and apportionment hereinbefore prescribed, as admini-
97 stered by the commission and applied to his income producing
98 activities has operated or will so operate as to subject him
99 to taxation on a greater portion of his net income than is
100 reasonably attributable to income producing activities within
101 the state, he shall be entitled to file with the commission
102 a statement of his objections and of such alternative method
103 of allocation and apportionment as he believes to be proper
104 under the circumstances with such detail and proof and within
105 such time as the commission may reasonably prescribe; and if
106 the commission shall conclude that the method of allocation
107 and apportionment theretofore employed is in fact inapplicable
108 and inequitable it shall redetermine the taxable income by such
109 other method of allocation and apportionment as seems best
110 calculated to assign to the state for taxation the portion of
111 the income reasonably attributable to income producing activi-
112 ties within the state.
113 3. If it shall appear to the tax commission that any
114 allocation percentage determined as hereinabove provided does
115 not properly reflect the income producing activities of a
116 taxpayer within the state, the tax commission shall be author-
117 ized in its discretion, in case of the corporation allocation
118 percentage, to adjust it by (a) excluding one or more of the
119 factors therein, (b) including one or more other factors, or
120 (c) any other similar or different method calculated to effect
121 a fair and proper allocation of income reasonably attribu-
122 table to the state. Upon such action by the tax commission
123 the taxpayer will be informed in writing of the method to be
124 used to allocate and apportion the income attributable to
125 the state.'
126 4. Section four hundred twenty-two point forty (422.40),
127 Code 1962, is hereby amended by striking from lines five (5)
128 and six (6) of subsection one (1) the words, 'doing business
129 in this state for profit' and by inserting in lieu thereof
130 the words, 'engaged in income producing activities in this
131 state.' "

Filed 4/24 Lost

Filed
April 24, 1963 Lost 5/7

By HILL.

HOUSE FILE 550

1 Amend the ways and means committee amendment to House File 550,
2 filed April 23, 1963, as follows:
3 1. Strike all of section 3.
4 2. Strike all of section 1 and subsection 3 of section 2.
5 3. Strike from lines 89 and 90 the words "and taxing sleeping
6 rooms".

Filed
April 24, 1963. Lost 5/7

By DYKHOUSE.

HOUSE FILE 550

1 Amend the ways and means committee amendment to House File
2 550, filed April 23, 1963, by striking therefrom all of section 5.

Filed
May 6, 1963. Lost 5/8/63

By SHOEMAN, LISLE and WEARIN.

CONFERENCE COMMITTEE REPORT

TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE:

We, the undersigned members of the conference committee appointed to consider the differences between the Senate and House on House File 550, an act relating to taxation, vehicle registration fees and an increase in sales and use taxes, corporation income tax, and taxing sleeping rooms and the repeal of moneys and credits tax and personal property tax and the appropriation of revenue, beg leave to report and make the following recommendations:

1. That the House recede from its amendments to the Senate amendments.
2. That the Senate recede from its amendments.
3. By striking all after the enacting clause and inserting in lieu thereof the following:

Section 1. "Section four hundred twenty-two point forty-two (422.42), Code 1962, is hereby amended as follows:

1. By adding an additional subsection as follows:

'The word "room" applies only to accommodations referred to generally as "sleeping rooms" and does not apply to accommodations in the nature of ballrooms, banquet rooms, reception rooms, meeting rooms and office space, nor does it apply where room is rented to an individual, firm, association or corporation for a period of more than twenty-eight (28) consecutive days.'

2. By adding after the word 'users,' in line six (6) of subsection three (3), the words 'and sale of the use of a room as herein defined,'.

"Sec. 2. Section four hundred twenty-two point forty-three (422.43), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the words and figures "beginning the first day of April, 1937,'.

2. By striking from line three (3) the word 'two' and inserting in lieu thereof the word 'three'.

3. By inserting at the end of the first paragraph the words '; also a like rate on the gross receipts from the sale of the use of a room in an inn, hotel, motel, public lodging house, tourist court or trailer camp.'.

4. By striking from lines twenty-two (22) and twenty-three (23) the words and figures 'beginning with the first day of July, 1947,' and by striking from line twenty-three (23) the word 'two' and inserting in lieu thereof the word 'three'.

"Sec. 3. Section four hundred twenty-three point two (423.2), Code 1962, is hereby amended as follows:

1. By striking the word 'two' in line five (5) and inserting in lieu thereof the word 'three'.

"Sec. 4. Chapter four hundred twenty-seven (427), Code 1962, is amended as follows:

1. Section four hundred twenty-seven point one (427.1), Code 1962, is hereby amended by striking all of lines one (1) through six (6) of subsection sixteen (16) and by inserting in lieu thereof the following:

'All tangible personal property customarily located and used in or about the private residence or residences of the owner of said property, everything used in a private home as household goods, articles of apparel, adornment and food.'.

"Sec. 5. Chapter four hundred twenty-nine (429), Code 1962, is amended as follows:

1. Section four hundred twenty-nine point two (429.2), Code 1962, is hereby amended by striking from line nineteen (19) thereof the words 'five mills' and inserting in lieu thereof the words 'one mill'.

2. Section four hundred twenty-nine point two (429.2), Code 1962, is further amended by adding the following thereto:

'The millage tax provided for in this section shall be and is the same as provided for in section thirty-five B point eleven (35B.11) of the Code and shall not be levied in addition thereto. The millage rate shall be remitted to the treasurer of state and applied to the payment of principal and interest of the Korean War Veterans' bonus bonds. Provided that the tax of five (5) mills on the dollar on moneys and credits is imposed for the year 1963 and shall be assessed, taxed, levied, listed, collected and apportioned in accordance with chapter four hundred twenty-nine (429), Code 1962, and other applicable laws. Provided that so long as funds are appropriated from the general fund sufficient to pay the principal and interest on the Korean Service Compensation Bonds, the one mill tax imposed by this section and section thirty-five B point eleven (35B.11), Code 1962, shall not be assessed or levied.'.

3. Section four hundred twenty-nine point three (429.3), Code 1962, is hereby amended by striking all of lines one (1) and two (2) and the words 'and credits and' from line three (3) and inserting in lieu thereof the following:

'The tax imposed by section four hundred thirty point seven (430.7) of the Code shall be five (5) mills on the dollar and that tax, together with the taxes imposed by sections four hundred thirty A point three (430A.3) and four hundred thirty-one point ten (431.10) of the Code,'.

"Sec. 7. An additional tax of one (1) percent of tax is imposed on those corporations taxed under the provisions of section four hundred twenty-two point thirty-three (422.33), Code 1962, which tax shall expire at the end of the fiscal year in which the bonds issued pursuant to chapter thirty-five B (35B), Code 1962, are fully retired. There is hereby annually appropriated from the funds in the general fund not otherwise appropriated an amount sufficient to pay the principal and interest on the said Korean Service Compensation Bonds issued pursuant to chapter thirty-five B (35B), Code 1962, as the same becomes due.

"Sec. 8. Section four hundred twenty-two point thirteen (422.13), Code 1962, is hereby amended by adding the following new subsection thereto:

'5. Every individual having income from dividends or interest exceeding two hundred dollars ($200.00) for the tax year shall make and sign a return even though not otherwise required to do so.'.

"Sec. 9. Chapter four hundred twenty-two (422), Code 1962, is hereby amended by adding the following new section to Division II thereof:

'Every individual taxpayer subject to filing an Iowa income tax return shall make a separate accounting, on his tax return, of interest and dividends received during the tax year and forward to the tax commission, as a surtax, two (2) percent of the amount thereof. The provisions of this section shall not include the first two hundred (200) dollars of such interest and dividends for every individual taxpayer nor interest and dividends received on United States government securities, bank stock, insurance and annuity contracts, or on bonds or certificates issued by any municipality, board, commission or agency of the state, school district, drainage or levee district, river-front improvement commission or county within the State of Iowa. The amount of said surtax shall be paid at the same time and in the same manner as income taxes due on the tax return. The deductions provided for in section four hundred twenty-two point twelve (422.12) of the Code shall not be available against the surtax.

There is hereby created a permanent fund in the office of the treasurer of the state to be known as the Moneys and Credits Tax Replacement Fund and for the purpose of establishing and replenishing said fund for each fiscal year beginning July 1, 1964, there is appropriated thereto from funds in the general fund not otherwise appropriated an amount equal to the tax imposed upon moneys and credits computed at the rate of five (5) mills as placed upon the various county tax lists for the year 1963. The county auditor of each county shall certify the amounts of such taxes, computed at the rate of five (5) mills, imposed in his county for the year 1963 and deliver such certification to the state comptroller who shall draw warrants on the moneys and credits tax replacement fund in the amounts of such certifications, payable to the county treasurers of the various counties and mail said warrants to the county auditors. The proceeds shall be apportioned within the counties according to section four hundred twenty-nine point three (429.3), Code 1962.

"Sec. 10. Section four hundred twenty-six point one (426.1), Code 1962, is amended by striking from line nine (9) the word 'eleven' and inserting in lieu thereof the word 'twenty'.

"Sec. 11. There is hereby appropriated from the general fund annually for each year of the ensuing biennium to the department of public instruction, in addition to all other appropriations, the sum of eleven million dollars ($11,000,000.00) for general state aid to the school districts as provided by chapter two hundred eight-six A (286A) of the Code; provided, however, that no school districts shall receive financial aid under the provisions of said chapter of the Code in the event a school tax levy for the general fund of at least fifteen (15) mills was not made in such district for the preceding year.

"Sec. 12. There is hereby appropriated from the general fund annually for each year of the ensuing biennium to the department of public instruction, in addition to all other appropriations, the sum of one million dollars ($1,000,000.00) for supplementary aid as provided by chapter two hundred eighty-six (286) of the Code.

"Sec. 13. There is hereby appropriated from the general fund annually for each year of the ensuing biennium to the department of public instruction, in addition to all other appropriations, the sum of one million dollars ($1,000,000.00) for aid to handicapped children through special education as provided in chapter two hundred eighty-one (281), Code 1962, and the sum of five hundred thousand dollars ($500,000.00) for vocational education aid as provided in chapter two hundred fifty-eight (258), Code 1962.

"Sec. 14. There is hereby appropriated from the general fund for each year of the biennium to a 'property tax credit fund', which is hereby created, the sum of twenty-four million dollars ($24,000,000.00), or as much thereof as may be available, as computed by the comptroller, from (1) the total of the excess, if any, by which the unencumbered general fund balance exceeds sixteen million dollars ($16,000,000.00) at the close of the preceding year, plus (2) the excess, if any, of estimated revenues for the ensuing year after providing for all other appropriations, including the apportionment of biennial appropriations between each year of the biennium. This property tax credit fund distribution shall be allocated each year to the several counties in the same proportion that the assessed valuation of real and personal property in that county for the preceding tax years bears to the total taxable real and personal property in the state for the preceding tax year. Not later than October 1 in the year 1963, and annually thereafter, the state comptroller shall certify to the county auditor of each county in the state the amount of money that will be allocated to that county the following year. The county auditor shall thereupon enter a credit against the tax bill of each taxpayer in said county, being the tax bill of the current year due and payable the following year, and the amount of said credit shall be in the same proportion to the total amount so certified to the county auditor by the state comptroller as the assessed valuation of such taxpayer's taxable real and personal property for the current tax year bears to the total assessed valuation of taxable real and personal property in that county for the current tax year. The amount of money so credited to the taxpayers of the county shall be distributed by the county treasurer to the several taxing districts of said county upon the receipts in the following year of the comptroller's warrant drawn on the property tax credit fund, the same as though the amount thereof had been paid to the treasurer of said county by the taxpayers of said taxing district.

"Sec. 15. The increase in tax provided for in sections two (2) and three (3) of this Act shall not apply to tangible personal property such as building materials, supplies and equipment, but not the constructors' own tools or equipment, used in the performance of a building or construction contract executed prior to the effective date of this Act.

"Sec. 16. If any provisions of this Act or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Act or the application of such provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

"Sec. 17. This Act, being deemed of immediate importance shall be in full force and effect July 1, 1963, after its passage and publication in The Clinton Herald, a newspaper published at Clinton, Iowa, and in the Grinnell Herald-Register, a newspaper published at Grinnell, Iowa.".

2. Amend the title by striking all after the word "Act" and inserting in lieu thereof the following: "relating to taxation, and an increase in sales and use taxes, corporation income tax, and taxing sleeping rooms and the repeal of moneys and credits tax and personal property tax and to levy a tax on the interest and dividends from investments and the appropriation of revenue.".

DAVID SHAFF, *Chairman.*
ROBERT R. RIGLER.
JOHN D. SHOEMAN.
D. C. NOLAN.
On the Part of the Senate.

MAURICE E. BARINGER, *Chairman.*
FLOYD P. EDGINGTON, SR.
ELMER H. VERMEER.
IVAN WELLS.
On the Part of the House.

Look 5/18/63 (p. 1326)

5/14

Speaker ruled line 92-317 Inc.
of Sec. 16 - had been considered
by House - therefore Out of Order.
Vermeer appealed ruling of chair.
Vote - ayes 48 nays 54
Ruling of Chair lost 5/14

5/16 - Reconsider Vote on
line 94-330 Inc. as adopted
Motion lost - motion prevailed
Shall vote on line 94-330 be reconsidered?
ayes 42 nays 61 motion lost 5/16

5/16
adopting of Div. 4-5-7-8-10-11-
motion prevailed 17-18-19

5/16 Shall House concur in
Senate amendments?
ayes 57 nays 47 5/16

5/17 - House insists on House
amendments to Senate amendments
ayes 92 nays 0

5/17 Beringer - Edgington - Vermeer -
Neels - conferees on H.F. 550.