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SENATE FILE 1202

By COMMITTEE ON WAYS AND MEANS

Passed Senate, Date_____ Passed House, Date_____

Vote: Ayes_____ Nays_____ Vote: Ayes_____ Nays_____

Approved_____

A BILL FOR

1 An Act relating to Vietnam veterans' service compensation
2 fund, authorizing the state of Iowa to become indebted
3 in the amount of twenty-eight million dollars and pro-
4 viding for the issue and sale of bonds of the state in
5 evidence thereof, and providing for the imposition,
6 levy, and collection of a direct annual tax sufficient
7 to pay the principal and interest of the bonds and
8 providing a penalty.
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 Section 1. STATE INDEBTEDNESS--ISSUANCE OF BONDS. The
2 state of Iowa is authorized to become indebted in the amount
3 of twenty-eight million dollars and in evidence thereof there
4 shall be issued and sold negotiable coupon bonds of the state
5 as hereinafter provided, and the proceeds thereof shall be
6 paid into the state treasury to be expended for the payment
7 of service compensation to the persons defined in section
8 four (4) of this Act, or for the benefit of such persons as
9 prescribed by section four (4) of this Act, and for expenses
10 incurred in carrying out the provisions of this Act.
11 Sec. 2. ADMINISTRATION BY TREASURER OF STATE. The trea-
12 surer of state is directed to cause to be prepared negotiable
13 coupon bonds of this state in the amount of twenty-eight
14 million dollars, such bonds to bear interest at an annual
15 rate as specified in the bids received, which interest shall
16 be paid semiannually. Such bonds shall be issued so that
17 said indebtedness shall be payable in ten annual installments,
18 the last of which shall be within eleven years from the date
19 of issue. The bonds shall be signed by the governor under
20 the great seal of the state, attested by the secretary of
21 state and countersigned by the treasurer of state, and the
22 full faith, credit and taxing resources of the state of Iowa
23 shall be pledged for the payment thereof. The interest coupons
24 attached to the bonds shall bear the lithographed facsimile
25 signatures of said officials. The treasurer of state shall
26 sell the bonds to obtain funds to carry out the provisions
27 of this Act, and to make the payments, provided under section
28 four (4) of this Act. The bonds shall be sold at not less
29 than the par value thereof and accrued interest thereon to
30 the highest and most responsible bidder after advertising
31 for a period of twenty consecutive days, Sundays excepted,
32 in at least two daily newspapers printed in the state of Iowa.
33 Advertisements of sale shall recite that the treasurer of
34 state, at his discretion, may reject any or all bids received
35 and, in such event, he shall readvertise for bids in the form

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1 and manner above described as many times as in his judgment
2 may be necessary to effect a satisfactory sale. If any of
3 the bonds are not presented for payment within ten years after
4 maturity they shall be barred. The form and term of the bonds
5 shall be embodied in the resolution of the treasurer of state
6 authorizing their issuance, which resolution may provide for
7 limitations on the investment of proceeds of the bonds or
8 the tax imposed by section eleven (11) of this Act.
9 The treasurer of state may repurchase bonds issued pur-
10 suant to this Act prior to their maturity date if the best
11 interests of the state will be served as determined by the
12 service compensation board. Moneys deposited in the sinking
13 fund shall be used for such repurchase.
14 Sec. 3. SERVICE COMPENSATION FUND--APPROPRIATION. The
15 proceeds of the bonds paid into the treasury of state shall
16 constitute a service compensation fund and shall be distributed
17 to the persons entitled thereto as provided under section
18 four (4) of this Act. Twenty-eight million (28,000,000)
19 dollars is appropriated out of said service compensation fund
20 for the purpose of carrying out the provisions of this Act.
21 Sec. 4. PERSONS ENTITLED TO RECEIVE COMPENSATION. Every
22 person, male or female, who served not less than one hundred
23 twenty days on active duty, in the armed forces of the United
24 States, at any time between August 5, 1964 and ending on the
25 date set by Congress for cessation of hostilities, both dates
26 inclusive, and who at the time of entering into service was
27 a legal resident of the state of Iowa, and who had maintained
28 such residence for a period of at least six months immediately
29 prior thereto, and was honorably separated or discharged from
30 such service, or is still in active service in an honorable
31 status, or has been retired, or has been furloughed to a
32 reserve, or has been placed on inactive status, shall be
33 entitled to receive from the service compensation fund ten
34 dollars for each month that such person was in active domestic
35 service, and twelve and one-half dollars for each month that

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1 such person was in active foreign service all prior to the
2 date established by the Congress of the United States as the
3 official date of cessation of hostilities, not to exceed a
4 total sum of five hundred dollars. As used in this Act
5 "foreign service" means service outside the continental limits
6 of the North American continent, except service in the states
7 of Alaska and Hawaii shall not be deemed foreign service,
8 and foreign service includes service in all territories of
9 the United States. Compensation for a fraction of a month
10 shall not be considered unless it be sixteen days or more
11 in which event it shall be computed as a full month. No
12 person shall be entitled to such compensation who received
13 a bonus or compensation of like nature, as provided in this
14 Act, from another state. A person shall not be entitled to
15 such compensation who being in the service of the armed forces
16 of the United States, subsequent to August 4, 1964 refused
17 on conscientious, political, religious, or other grounds to
18 subject himself to military discipline. Service in the
19 merchant marine shall not be considered for the purposes of
20 this Act. Service for six months or less for the sole purpose
21 of training shall not be considered for the purposes of this
22 Act. The surviving unmarried widow or widower, child or
23 children, mother, father, or person standing in loco parentis,
24 in the order named and none other, of any deceased person,
25 shall be paid the compensation that such deceased person would
26 be entitled to under this Act, if living; but, if any person
27 has heretofore died or shall hereafter die, or is disabled,
28 from service-connected causes incurred between August 5, 1964
29 and the date established by formal order of the government
30 of the United States to cease hostilities, both dates
31 inclusive, and who has not received the benefits of this Act,
32 he or the first of survivors as designated by this Act and
33 in the order named, shall be paid five hundred dollars regard-
34 less of the length of such service. If an eligible beneficiary
35 is a minor at the time compensation is payable, the same may

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1 be paid to a custodian duly recognized by the United States
2 veterans administration.
3 Sec. 5. DEFINITION OF ACTIVE DUTY. "Active duty" in the
4 armed forces of the United States means full-time duty in
5 the armed forces of the United States, excluding active duty
6 for training purposes only and excluding any period a person
7 was assigned by the armed forces to a civilian institution
8 for a course of education or training which was substantially
9 the same as established courses offered to civilians, or as
10 a cadet or midshipman, however enrolled, at one of the service
11 academies.
12 Sec. 6. SERVICE COMPENSATION BOARD. There is created
13 a board to be known as the "service compensation board" to
14 consist of the auditor of state, treasurer of state, and the
15 adjutant general.
16 Sec. 7. APPLICATIONS FOR COMPENSATION--APPROVAL. It is
17 the duty of the service compensation board to administer the
18 provisions of this Act, to examine all applications and approve
19 or disapprove the same and make any investigation necessary
20 to establish facts. In the event an application is disapproved
21 by the board, the claimant may appeal to the district court
22 of the state of Iowa in and for the county of his legal
23 residence within a period of thirty days from date of mailing
24 by registered mail of notice of such disapproval. The appeal
25 shall be perfected by filing in the office of the board, a
26 written notice of appeal setting forth the order or finding
27 appealed from and the grounds of the appeal. Within thirty
28 days after the filing of such notice of appeal the board shall
29 make, certify, and file in the office of the clerk of the
30 district court to which the appeal is taken, a full and
31 complete transcript of all documents in the proceeding,
32 including any depositions, a transcript or certification of
33 the evidence, if reported, including the notice of appeal.
34 The clerk shall forthwith docket such appeal. The appeal
35 shall be heard in such district court as in equity de novo.

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1 Appeal may be taken to the supreme court from any final order
2 or judgment or decree of the district court. A claimant who
3 successfully appeals the disapproval of an application shall
4 be paid such amount as he is entitled to as determined by
5 the court from the service compensation fund and, in addition,
6 he shall be paid the actual amount of legal fees incurred
7 which legal fees shall be paid in the same manner as
8 administrative costs. When any application has been approved
9 by the board, payment shall be made to the applicant in
10 accordance with the provisions of this Act. It is the duty
11 of the board to prepare vouchers and transmit the same to
12 the state comptroller in payment of the compensation claims
13 provided for in this Act and other necessary administrative
14 expenses. The comptroller shall issue a warrant for the
15 amount stated therein and the treasurer of state shall pay
16 such warrants out of said service compensation fund. The
17 board may employ such assistants and incur such other expenses
18 as may be necessary for such administration and the carrying
19 out of the provisions of this Act, and the funds necessary
20 for such administration and carrying out the provisions of
21 this Act shall be expended from the service compensation fund.
22 Such assistants as the board may determine shall be exempt
23 from the provisions of chapter nineteen A (19A) of the Code
24 and shall give bond in an amount as may be fixed by the board,
25 and shall, whenever practicable, be persons within the classes
26 as defined in section four (4) of this Act. The board may
27 make, adopt and promulgate rules and regulations for the
28 carrying out of the provisions of this Act as it deems
29 necessary and expedient and which are not inconsistent with
30 any provisions of this Act.
31 Sec. 8. TIME FOR MAKING APPLICATIONS. Before receiving
32 any compensation under the provisions of this Act, the
33 claimant, or his successor in interest, shall file with the
34 service compensation board, application on forms provided
35 by the board. The application shall be filed within four

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1 years subsequent to the date established by the Congress of
2 the United States as the official date for cessation of
3 hostilities or six years from the time this Act is approved
4 by the people of this state at the general election as provided
5 in section thirteen (13) of this Act, whichever is sooner.
6 However, a person who was a prisoner of war or classified
7 as missing in action, or his successor, shall not be subject
8 to the time limitations for making application as provided
9 in this section and may make application at any time during
10 the lifetime of the claimant or a successor specified in
11 section four (4) of this Act. If no funds remain in the
12 service compensation fund to pay a claim of a person who was
13 a prisoner of war or classified as missing in action, or his
14 successor, such payment shall be made from the general fund
15 of the state. An application shall state facts sufficient
16 to establish the status of such applicant within a class as
17 defined in section four (4) of this Act, and shall be duly
18 verified.
19 Sec. 9. FALSE STATEMENT--PENALTY. Whoever knowingly makes
20 a false statement, oral or written, relating to a material
21 fact in supporting a claim under the provisions of this Act,
22 shall be punished by a fine of not more than one thousand
23 dollars or be imprisoned for not more than one year, or
24 punished by both such fine and imprisonment, and shall forfeit
25 all benefits he or she might have been entitled to under this
26 Act.
27 Sec. 10. TAX EXEMPTION. All payments and allowances made
28 under this Act shall be exempt from taxation and from levy
29 and sale on execution and all bonds issued under this Act
30 shall be exempt from taxation.
31 Sec. 11. TAX IMPOSED--ADMINISTRATION.
32 1. An additional tax, or surtax, is imposed annually upon
33 every person liable to pay a computed tax pursuant to chapter
34 four hundred twenty-two (422), division two (II), of the
35 Code, at rates specified in subsection four (4), paragraph

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1 a, of this section.
2 2. An additional tax, or surtax, is imposed annually upon
3 every corporation liable to pay a computed tax pursuant to
4 chapter four hundred twenty-two (422), division three (III),
5 of the Code, at rates specified in subsection four (4), para-
6 graph b, of this section.
7 3. An additional tax, or surtax, is imposed annually upon
8 every financial institution liable to pay a computed franchise
9 tax pursuant to chapter four hundred twenty-two (422), divi-
10 sion five (V), of the Code, at rates specified in subsection
11 four (4), paragraph c, of this section.
12 4. a. The additional tax imposed under subsection one
13 (1) of this section is computed by applying the rate of two
14 percent to the computed tax, after the deduction of personal
15 exemptions, of the person as determined under chapter four
16 hundred twenty-two (422), division two (II), of the Code.
17 b. The additional tax imposed under subsection two (2)
18 of this section is computed by applying the rate of two percent
19 to the computed tax of the corporation as determined under
20 section four hundred twenty-two point thirty-three (422.33)
21 of the Code.
22 c. The additional tax imposed under subsection three (3)
23 of this section is computed by applying the rate of two percent
24 to the computed franchise tax of the financial institution
25 as determined under section four hundred twenty-two point
26 sixty-three (422.63) of the Code.
27 5. For the purposes of administering the provisions of
28 this section the provisions of chapter four hundred twenty-
29 two (422) of the Code relating to the administration of the
30 state individual income tax, corporate income tax and franchise
31 tax, as applicable, including but not limited to the with-
32 holding of income taxes, declaration of estimated taxes, form
33 and time of returns, the payment of income taxes and interest
34 and penalties, refunds, revisions, appeals, attachment of
35 liens, confidentiality of records, powers of the director

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1 of revenue, and civil and criminal penalties, shall govern
2 the administration of this section. The director of revenue
3 shall place on the state income tax return a separate line
4 item entitled "Vietnam bonus surtax" upon which shall be
5 computed the tax imposed by this section.
6 6. The provisions of this section shall be effective for
7 all taxable years beginning on or after January 1, 1973.
8 7. There is created in the office of the treasurer of
9 state a sinking fund into which shall be deposited all funds
10 received from the taxes imposed by this section.
11 8. Taxes imposed by this section shall cease to be imposed
12 so long as the state comptroller determines and certifies
13 that the funds in the sinking fund will be sufficient to pay
14 the principal and interest due on all outstanding bonds to
15 the date of maturity and the last taxable year of each taxpayer
16 that ends before such certification shall be the last taxable
17 year for which the tax shall be imposed on and collected from
18 such taxpayer. Payments from the sinking fund shall be made
19 in the manner provided in section twelve (12) of this Act.
20 Sec. 12. SINKING FUND--PAYMENTS. In the year 1974 and
21 annually thereafter, while the bonds authorized by this Act
22 are outstanding, the state comptroller shall determine the
23 amount of the sinking fund required for payment of the
24 principal of the bonds as they become due and mature and the
25 interest thereon. In determining the amount required in the
26 sinking fund the state comptroller may include the amount
27 of anticipated earnings to be realized from interest estimated
28 to be received by the permitted investment of the sinking
29 fund. In order to implement the provisions of this Act, and
30 upon approval of the service compensation board, the state
31 comptroller may receive an advance of funds from unobligated
32 funds deposited in the service compensation fund to meet the
33 payment of interest on bonds issued. The service compensation
34 fund shall be reimbursed for such advance from funds received
35 from the tax imposed by section eleven (11) of this Act.

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1 Funds remaining in the service compensation fund when all
2 claims have been paid shall be transferred to the sinking
3 fund.
4 Any funds remaining in the sinking fund after the payment
5 of all legal claims and expenses shall be transferred to the
6 general fund of the state.
7 The treasurer of state may establish an account by entry
8 in his books of a sum sufficient to pay all outstanding bonds,
9 accrued interest, plus outstanding claims and expenses. This
10 account shall be segregated from the general fund and shall
11 represent actual cash on hand. Such cash may be invested
12 in direct obligations of the United States and if so invested,
13 interest shall accrue to the sinking fund. Any funds remain-
14 ing after establishment of the account shall be transferred
15 to the general fund of the state. Thereafter all payments
16 of interest upon the outstanding bonds and all payments upon
17 the principal of such bonds as such payments become due shall
18 be made from the general fund.
19 Sec. 13. SUBMISSION TO ELECTORS. This Act, after legal
20 publication, shall be submitted to the people of this state
21 at the general election to be held in November, nineteen
22 hundred seventy-two, and shall not take effect unless at such
23 election it shall receive a majority of all votes cast for
24 and against it. Separate ballots shall be provided for the
25 electors which shall be in substantially the following form:
26 (Notice to voters: For an affirmative vote upon any ques-
27 tion submitted upon this ballot, mark a cross mark or check
28 mark in the square after the word "Yes". For a negative vote,
29 make a similar mark in the square following the word "No".)
30 "Shall the following public measure, being an Act of the
31 Sixty-fourth General Assembly, be adopted and approved?"
32 (Here insert in full this Act) Yes ☐
33 No ☐
34 Sec. 14. EFFECTIVE DATE. This Act shall take effect imme-
35 diately upon its adoption and approval at such election.

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EXPLANATION

The purpose of this bill is to authorize the state of Iowa, similar to that done in the past, to incur a bonded indebtedness in the amount of twenty-eight million dollars for a service compensation fund to the Vietnam Conflict active duty personnel. Generally, every person who served on active duty as defined in the Act, in the United States armed forces, at any time between August 5, 1964 and the date the armed forces of the United States are directed by formal order of the government of the United States to cease hostilities, both dates inclusive, and who was a resident in Iowa at least six months immediately prior to service and who was honorably separated or discharged will be entitled to the compensation. An income surtax of 2% imposed upon the tax liability of any person, corporation, or financial institution is provided to pay for bonds issued pursuant to this Act. The tax will cease when sufficient funds are available to pay off the bonds. This bill must be submitted to the electors for approval.

SENATE FILE 1202

1 Amend Senate File 1202 as follows:
2 1. By striking everything after the enacting clause
3 and inserting in lieu thereof the following:
4 "Section 1. DECLARATION OF POLICY. The state of
5 Iowa, cognizant of the destructiveness of the Vietnam
6 war upon the lives of persons around the world, and
7 particularly the lives of Iowans who have served in
8 the military service during this period, deems it
9 fitting to embark upon a program of service compensa-
10 tion to remedy the destructiveness of this war upon
11 citizen soldiers of our state. To that end, this
12 Act seeks to provide total compensation to our citi-
13 zen soldiers and to forego the token one-time dollar
14 payments, a custom of deteriorating value.
15 Sec. 2. A SERVICE COMPENSATION BOARD. There is
16 hereby created a board to be known as the service
17 compensation board which shall consist of the auditor
18 of state, the treasurer of state and three public
19 members each appointed by the governor to serve a
20 term of four years. The public members of the board
21 shall be knowledgeable of the scope of problems
22 confronting the veteran attempting to reestablish
23 himself as a citizen in the state of Iowa.
24 Sec. 3. DUTIES OF THE BOARD. The board shall
25 gather, collect and analyze all pertinent information

1 and facts regarding the needs of veterans returning
2 to Iowa and analyze the resources available to the
3 veterans from all sources to meet such needs. After
4 such analyses the board shall prepare comprehensive
5 programs it deems advisable with technical aid and
6 assistance from the legislative service bureau to
7 supplement and expand resources available from the
8 federal government or to create entirely new state
9 resources for veterans. The board's inquiry into
10 the needs of returning veterans shall include, but
11 is not limited to, employment; drug abuse; educa-
12 tion, vocational training; physical and mental
13 rehabilitation, treatment or care; family problems
14 occasioned by former military service, including
15 needs of widows and widowers of veterans; and the
16 adoption in Iowa of children fathered by American
17 servicemen in foreign countries. The board shall,
18 within the limit of available funds, hire employees
19 and clerical staff and purchase the supplies neces-
20 sary to carry out the provisions of this Act.

21 Sec. 4. The board shall promulgate rules and
22 regulations under chapter seventeen A (17A) of
23 the Code for programs established under the
24 authority of this Act.
25 Sec. 5. The board shall make an annual report

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1 to the general assembly, evaluating programs and
2 accounting for all expenditures authorized by this
3 Act.
4 Sec. 6. The public members of the board shall
5 receive as compensation their necessary actual
6 expenses to be paid from the service compensation
7 fund.
8 Sec. 7. TAX IMPOSED--ADMINISTRATION.
9 1. An additional tax, or surtax, is imposed
10 annually upon every person liable to pay a computed
11 tax pursuant to chapter four hundred twenty-two
12 (422), division two (II), of the Code, at rates
13 specified in subsection four (4), paragraph a,
14 of this section.
15 2. An additional tax, or surtax, is imposed
16 annually upon every corporation liable to pay a
17 computed tax pursuant to chapter four hundred
18 twenty-two (422), division three (III), of the
19 Code, at rates specified in subsection four (4),
20 paragraph b, of this section.
21 3. An additional tax, or surtax, is imposed
22 annually upon every financial institution liable
23 to pay a computed franchise tax pursuant to chapter
24 four hundred twenty-two (422), division five (V),
25 of the Code, at rates specified in subsection four

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1 (4), paragraph c, of this section.
2 4. a. The additional tax imposed under subsection
3 one (1) of this section is computed by applying the
4 rate of two percent to the computed tax, after the
5 deduction of personal exemptions, of the person as
6 determined under chapter four hundred twenty-two (422),
7 division two (II), of the Code.
8 b. The additional tax imposed under subsection two
9 (2) of this section is computed by applying the rate of
10 two percent to the computed tax of the corporation as
11 determined under section four hundred twenty-two point
12 thirty-three (422.33) of the Code.
13 c. The additional tax imposed under subsection
14 three (3) of this section is computed by applying the

15 rate of two percent to the computed franchise tax of
16 the financial institution as determined under section
17 four hundred twenty-two point sixty-three (422.63) of
18 the Code.
19 5. For the purposes of administering the provisions
20 of this section the provisions of chapter four hundred
21 twenty-two (422) of the Code relating to the administra-
22 tion of the state individual income tax, corporate
23 income tax and franchise tax, as applicable, including
24 but not limited to the withholding of income taxes,
25 declaration of estimated taxes, form and time of

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1 returns, the payment of income taxes and interest and
2 penalties, refunds, revisions, appeals, attachment of
3 liens, confidentiality of records, powers of the
4 director of revenue, and civil and criminal penalties,
5 shall govern the administration of this section. The
6 director of revenue shall place on the state income
7 tax return a separate line item entitled 'Vietnam
8 veterans' compensation surtax' upon which shall be
9 computed the tax imposed by this section.
10 6. The provisions of this section shall be
11 effective for all taxable years beginning on or
12 after January 1, 1973.
13 Sec. 8. DEFINITION. A veteran is defined as
14 any person, male or female, who served on active
15 duty, in the armed forces of the United States, at
16 any time between August 5, 1964 and ending on the
17 date set by Congress for cessation of hostilities
18 in Vietnam, Cambodia, Laos, and Thailand, all dates
19 inclusive, and who at the time of entering into
20 service was a legal resident of the state of Iowa,
21 and who had maintained such residence for a period
22 of at least six months immediately prior thereto,
23 and was separated or discharged from such service,
24 or has been retired, or has been furloughed to a
25 reserve, or has been placed on inactive status.

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1 Sec. 9. There is created in the office of the
2 treasurer of state a fund into which shall be
3 deposited all funds received from the taxes imposed
4 by this section and shall be known as the servie
5 compensation fund.
6 The service compensation board shall expend
7 amounts it deems necessary from the service
8 compensation fund, but it shall not expend a total
9 amount greater than is in the fund.

10 All funds raised pursuant to the tax imposed by
11 section seven (7) of this Act shall be deposited
12 in the service compensation fund. All funds
13 deposited in the service compensation fund are
14 appropriated to the service compensation board for
15 the purpose of carrying out the provisions of this
16 Act.
17 All federal grants to and the federal receipts of
18 the service compensation board are appropriated for the
19 purpose set forth in the federal grants or receipts."
20 2. Page 1, lines 1 through 8, by amending the title
21 by striking everything after the word "relating" and
22 inserting in lieu thereof the following:
23 "to a service compensation board, its duties, impos-
24 ing a tax, and making an appropriation."

Filed By DODERER
March 8, 1972

EXPLANATION OF AMENDMENT

This amendment establishes a service compensation board and a service compensation fund to evaluate the needs of Vietnam veterans returning to Iowa and to develop and execute programs designed to expand or supplement available resources to meet their needs. The board may establish a variety of veteran compensation programs in the areas of employment; drug abuse; education and vocational training; physical and mental rehabilitation, treatment and care; family needs; adoption in Iowa of children fathered by American servicemen in foreign countries; and in any other area in which returning veterans need additional resources.

The amendment also establishes a surtax as provided in the original bill to be appropriated to the service compensation fund.

The amendment also allows the service compensation board to pay Vietnam veterans' war bonuses to veterans at the end of the Vietnam war or at any other time.

SENATE FILE 1202

1 Amend Senate File 1202 as follows:
2 1. Page 7, strike lines 31 through 35, page 8,
3 strike lines 1 through 35, and page 9, strike lines
4 1 through 19, and insert in lieu thereof the following
5 new sections:
6 Sec. 11. Chapter four hundred twenty-two (422),
7 Code 1971, is amended by adding as a new division
8 sections twelve (12) through twenty-two (22), inclusive,
9 of this Act.
10 Sec. 12. DEFINITIONS.
11 1. "Intangible personal property" means personal
12 property which is not in itself intrinsically valuable
13 but which derives its chief value from that which it
14 represents.
15 Intangible personal property includes, but is not
16 limited to:
17 a. Money and negotiable instruments, including cash,
18 money on deposit, certificates of deposit, United States
19 legal tender notes, circulating notes of national bank-
20 ing associations, notes and certificates of the United
21 States payable on demand and circulating or intended
22 to circulate as currency, all other notes, checks,
23 cashier's and certified checks, bills of exchange, and
24 drafts.
25 b. Credits, including every contract, claim, or

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1 demand, due or to become due, for money, labor, or
2 other valuable thing, every annuity or claim for a sum
3 of money receivable at stated periods, every beneficial
4 interest in the property of an estate or trust, accounts
5 receivable, judgments, liens, debentures, bonds, and
6 money or property secured by deed, title bond, mortgage,
7 or otherwise.
8 However, if a taxpayer owns or controls a credit
9 which consists of an underlying obligation evidenced
10 by one or more forms of security, the intangible per-
11 sonal property tax shall be imposed only on the under-
12 lying obligation.
13 c. Shares of stock of domestic corporations, as
14 provided in section fifteen (15) of this Act.
15 d. Capital employed in the business of making loans
16 or investments within this state, by foreign corpora-
17 tions or unincorporated entities, as provided in section
18 sixteen (16) of this Act.

19 e. Domestic corporation and foreign corporation
20 shares or stocks not otherwise taxed under sections
21 fifteen (15) or sixteen (16) of this Act, including
22 mutual fund shares, and cooperative association shares.
23 2. "Person" means an individual, partnership, corpo-
24 ration, estate, trust, fiduciary, or other legal entity.
25 3. "Domestic corporation" means a corporation or

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1 association organized under the laws of this state,
2 except a credit union or a corporation or association
3 whose property is exempt from taxation, and includes
4 insurance companies, state banks as defined in section
5 five hundred fifty-four point one hundred three (554.103)
6 of the Code, and associations organized under chapter
7 five hundred thirty-four (534) of the Code. Effective
8 January 1, 1973, "domestic corporation" includes a
9 national bank which has its principal office located
10 within this state.
11 4. "Foreign corporation" includes every type of
12 corporation or association not a domestic corporation.
13 5. "Fiduciary" means a guardian, conservator, trus-
14 tee, executor, administrator, or receiver.
15 Sec. 13. IMPOSITION OF TAX. An annual tax of one
16 mill per dollar of actual value is imposed on intangible
17 personal property owned by a resident of this state,
18 or having a business, commercial, or taxable situs in
19 this state.
20 Determinations of value, residency, and situs shall
21 be made as of December thirty-first each year, for the
22 tax due the following year, under rules promulgated
23 by the director.
24 However, property exempt under the provisions of
25 chapter four hundred twenty-seven (427) of the Code,

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1 or other state or federal law, is exempt from the tax
2 imposed by this section. Also, salaries, wages, or
3 payments expected for services to be rendered, and pen-
4 sions of the United States or of any state, are exempt
5 from the tax imposed by this section.
6 Sec. 14. DEDUCTIONS.
7 1. A taxpayer, other than a taxpayer subject to
8 sections fifteen (15) or sixteen (16) of this Act, who
9 owns intangible personal property subject to the tax
10 imposed by section thirteen (13) of this Act, may deduct
11 from the total value of his intangible personal property
12 subject to taxation under this division the amount of
13 his debts owed in good faith.

14 A fiduciary or other taxpayer who controls intangible
15 personal property subject to the tax imposed by section
16 thirteen (13) of this Act, may deduct debts owed by
17 the guardianship, conservatorship, trust, estate, or
18 receivership, or otherwise fairly attributable to the
19 property controlled by the taxpayer, in accordance with
20 rules made by the director.
21 If a taxpayer is liable as surety or security for
22 another, he may deduct only the amount he expects to
23 be required to pay.
24 However, the following items are not deductible:
25 a. A deposit or security note given in aid of the

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1 organization of a mutual insurance company for the
2 premiums of insurance.
3 b. An unpaid subscription for the formation of any
4 institution, society, corporation, or company.
5 c. An indebtedness contracted for the purchase of
6 United States bonds or other nontaxable property.
7 2. A taxpayer, other than a taxpayer subject to
8 sections fifteen (15) or sixteen (16) of this Act, may
9 deduct from the total value of his intangible personal
10 property subject to taxation under this division the
11 amount of five thousand dollars and may also deduct
12 the following types of property:
13 a. Noninterest-bearing intangible personal property
14 of the types described in section twelve (12), subsec-
15 tion one (1), paragraphs a and b, of this Act, to the
16 extent it exceeds the amount of five thousand dollars.
17 b. Interest-bearing savings accounts and other
18 interest-bearing deposits which have been in the custody
19 of a bank located in this state for a period of three
20 months or more preceding December thirty-first each
21 year, for the determination of the tax due the following
22 year.
23 c. An interest in a real estate contract, or a
24 mortgage or note secured by real property, to the extent
25 that the real property involved is subject to taxation

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1 by this state or a political subdivision of this state.
2 d. An amount equal to the difference between his
3 personal property tax credit for the tax year actually
4 allowed under chapter four hundred twenty-seven A (427A)
5 of the Code, and twenty-seven hundred dollars.
6 3. Any person having control of property subject
7 to taxation under this division but not owned by the

8 person, may deduct the amount of the property which
9 is subject to being taxed under this division to the
10 owner of the property, if the owner is a resident of
11 this state.
12 Sec. 15. SPECIAL PROVISIONS RELATING TO DOMESTIC
13 CORPORATIONS. Every domestic corporation shall file
14 a return and pay the tax imposed by section thirteen
15 (13) of this Act, based upon the actual value of the
16 shares of stock of its stockholders on the preceding
17 December thirty-first. If capital of the corporation
18 is invested in real property otherwise subject to
19 taxation by this state or a political subdivision of
20 this state, the value of that capital may be deducted
21 in determining the value of the shares of stock. A
22 corporation subject to this section shall not be
23 otherwise taxed upon its intangible personal property.
24 A corporation may apportion to the owners of its
25 shares a pro rata portion of the tax imposed by this

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1 section, may have a lien upon the value of the shares
2 for this tax, and may deduct the pro rata amount from
3 the dividends or earnings credited to each shareholder.
4 A corporation may enforce its lien, if the unpaid
5 dividends are not sufficient to pay the tax on each
6 share, by a public sale by the sheriff at the principal
7 office of the corporation, after giving thirty days'
8 notice to shareholders by certified mail of the time
9 and place of the sale.
10 Sec. 16. SPECIAL PROVISIONS RELATING TO LOAN OR
11 INVESTMENT COMPANIES. Every foreign corporation, and
12 every nonresident individual or unincorporated entity,
13 engaged in the business of making loans or investments
14 within the state of Iowa shall file a return and pay
15 the tax imposed by section thirteen (13) of this Act
16 based upon its capital employed within this state on
17 the preceding December thirty-first. However, this
18 section does not apply to production credit associations,
19 or rural electrification associations. As used in this
20 section, "capital" means capital employed in the business
21 of making loans or investments, either unsecured or
22 on security other than real property.
23 In computing the tax imposed by this section, a pro
24 rata portion of debts may be deducted in the same pro-
25 portion that the capital employed within this state

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1 is to the total capital. However, the debts deducted
2 may not exceed eighty percent of the capital employed

3 within this state, and the amount of the debt deduction
4 must be reduced by the amount of any assets available
5 for use in connection with loans or investments in this
6 state, which have not been included in the computation
7 of capital employed within this state.
8 Sec. 17. FILING REQUIREMENTS. Any person owning
9 or having control of intangible personal property subject
10 to taxation under this division shall file an annual
11 return listing all such property, allowable deductions,
12 amount of tax due, and other matters as required by
13 the director.
14 Every domestic corporation shall file an annual
15 information return listing each registered holder of
16 its debentures and bonds, and every foreign corporation
17 authorized to do business in this state shall file an
18 annual information return listing each registered holder
19 of its shares, debentures, and bonds, whose mailing
20 address is within this state, of record as of the pre-
21 ceding December thirty-first. The return shall list
22 the names and addresses of each such registered holder,
23 together with the number and class of shares, and the
24 face amount and class of debentures or bonds registered
25 in the holder's name.

1 Every security broker and dealer registered under
2 the laws of this state shall file an annual information
3 return listing the name, address, number and class of
4 shares, and face amount and class of debentures or bonds
5 held by each customer whose mailing address is within
6 this state as of the preceding December thirty-first.
7 Every person accepting deposits of money within this
8 state shall file an annual information return listing
9 the name, address, and balance on deposit for each
10 depositor on the preceding December thirty-first, and
11 indicating the amount continuously on deposit for each
12 depositor during the period beginning on the preceding
13 October first through the preceding December thirty-
14 first.
15 All returns required by this section are due January
16 first of each year and are delinquent beginning the
17 following May first. Any person subject to the tax
18 imposed by this division and subject to a tax imposed
19 by division two (II) or division three (III) of this
20 chapter shall file the returns required by this section
21 with the returns required by divisions two (II) or three
22 (III).
23 Sec. 18. ADMINISTRATIVE PROVISIONS. The director
24 shall provide appropriate forms for persons required
25 to file a return under this division, including a

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1 simplified form for persons required to file a return,
2 but not required to pay tax because their allowable
3 deductions exceed their total taxable property.
4 The director shall make all rules necessary for the
5 administration of this division, subject to the provi-
6 sions of chapter seventeen A (17A) of the Code, including
7 rules for determining actual value of intangible personal
8 property which does not have a readily ascertainable
9 market value. In order to determine the value of shares
10 of domestic corporations or foreign corporations autho-
11 rized to do business in this state, the director may
12 require the filing of verified financial statements
13 by the corporations.
14 All applicable provisions of sections four hundred
15 twenty-two point twenty-four (422.24), four hundred
16 twenty-two point twenty-five (422.25), four hundred
17 twenty-two point twenty-six (422.26), four hundred
18 twenty-two point twenty-eight (422.28), four hundred
19 twenty-two point twenty-nine (422.29), and four hundred
20 twenty-two point thirty (422.30) of the Code apply to
21 taxpayers subject to this division, and to the tax
22 imposed by this division, except that the period for
23 examination, determination and assessment of additional
24 intangible personal property tax shall in all cases
25 be ten years, and except that penalties applicable to

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1 corporate taxpayers shall be determined as provided
2 in section four hundred twenty-two point forty (422.40)
3 of the Code.
4 However, taxpayers complying with this division after
5 the effective date of this Act shall not be held liable
6 for failure to list any intangible property with local
7 taxing bodies in years prior to the effective date of
8 this Act.
9 Sec. 19. ENFORCEMENT PROVISIONS. In every action
10 in any court of this state for the collection on any
11 bonds, notes, demands, claims, or other evidences of
12 debt, the plaintiff shall be required to allege in his
13 pleadings or to prove at any time before final judgment
14 is entered, one of the following:
15 1. That the bonds, notes, or other evidences of
16 debt have been assessed for taxation for every tax year,
17 under the provisions of this division, during which
18 the plaintiff was owner of them, not exceeding five
19 years prior to that in which the suit or action is
20 brought.
21 2. That the bonds, notes, or other evidences of
22 debt sued upon are not taxable in the hands of the
23 plaintiff.

24 3. That the plaintiff has not paid, or is unable
25 to pay the taxes, penalties, and interest due, but is

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1 willing for them to be paid out of the first recovery
2 on the evidence of debt sued upon.
3 When in any action it is ascertained that there are
4 unpaid taxes, penalties, and interest due on the evi-
5 dence of debt sought to be enforced, and the plaintiff
6 shows to the court that he has not paid or is unable
7 to pay the taxes, penalties, and interest, but is willing
8 for them to be paid out of the first recovery on the
9 evidence of debt, the court shall enter as a part of
10 the judgment that the amount of taxes, penalties, and
11 interest due and owing shall be paid to the proper
12 officer out of the first collection on the judgment.
13 Sec. 20. The provisions of this division shall be
14 effective for all taxable years beginning on or after
15 January 1, 1973.
16 Sec. 21. There is created in the office of the trea-
17 surer of state a sinking fund into which shall be
18 deposited all funds received from the taxes imposed
19 by this division.
20 Sec. 22. Taxes imposed by this division shall cease
21 to be imposed at such times as the state comptroller
22 determines and certifies that the funds in the sinking
23 fund are sufficient to pay the principal and interest
24 due on all outstanding bonds to the date of maturity
25 and the last taxable year of each taxpayer that ends

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1 before such certification shall be the last taxable
2 year for which the tax shall be imposed on and collected
3 from such taxpayer.
4 Sec. 23. Section four hundred twenty-eight point
5 three (428.3), Code 1971, is amended to read as follows:
6 428.3 AGENT PERSONALLY LIABLE. Any person acting
7 as the agent of another, and having in his possession
8 or under his control or management any ~~money,-notes,~~
9 ~~and-credits,-or~~ tangible personal property belonging
10 to such other person, with a view to investing or loaning
11 or in any other manner using or holding the same for
12 pecuniary profit, for himself or the owner, shall be
13 required to list the same at the real value, and such
14 agent shall be personally liable for the tax on the
15 same; and if he refuse to render the list or to swear
16 to the same, the amount of such ~~money,~~ property~~,-notes,~~
17 ~~or-credits~~ may be listed and valued according to the
18 best knowledge and judgment of the assessor.

19 Sec. 24. Section four hundred twenty-eight point
20 eight (428.8), Code 1971, is amended to read as follows:
21 428.8 PLACE OF LISTING. ~~Moneys-and-credits,-notes,~~
22 ~~bills,-bonds,-and-corporate-shares-or-stocks-not~~
23 ~~otherwise-assessed,~~ Tangible personal property shall
24 be listed and assessed where the owner lives, except
25 as otherwise provided, and except that, if tangible

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1 personal property ~~not-consisting-of-moneys,-credits,~~
2 ~~corporation-or-other-shares-of-stock,-or-bonds,~~ has
3 been kept in another assessment district during the
4 greater part of the year preceding the first of January,
5 or of the portion of that period during which it was
6 owned by the person subject to taxation therefor, it
7 shall be taxed where it has been so kept.
8 Sec. 25. Section four hundred twenty-eight point
9 eleven (428.11), Code 1971, is amended to read as
10 follows:
11 428.11 BUSINESS IN DIFFERENT DISTRICTS. When a
12 person, firm, or corporation is doing business in more
13 than one assessment district, the tangible property
14 ~~and-credits~~ existing in any one of such districts, or
15 arising from business done in such district, shall
16 be listed and taxed in that district~~,-and-the-credits~~
17 ~~not-existing-in-or-pertaining-especially-to-the-business~~
18 ~~in-any-district-shall-be-listed-and-taxed-in-that-dis-~~
19 ~~trict-where-the-principal-place-of-business-may-be.~~
20 Sec. 26. Section four hundred twenty-eight point
21 twenty-three (428.23), Code 1971, is amended to read
22 as follows:
23 428.23 MANUFACTURER TO LIST. Corporations organized
24 under the laws of this state for pecuniary profit and
25 engaged in manufacturing as defined in section 428.20

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1 shall list their real estate, and tangible personal
2 property not hereinbefore mentioned, ~~and-moneys-and~~
3 ~~credits~~ in the same manner as is required of individuals.
4 Sec. 27. Section four hundred thirty-two point five
5 (432.5), Code 1971, is amended to read as follows:
6 432.5 DOMESTIC COMPANIES--SHARES OF STOCK. The
7 shares of stock of every insurance corporation or asso-
8 ciation having capital stock, organized under the laws
9 of this state, shall be assessed for taxation in the
10 manner provided for the assessment of the shares of
11 corporate stock in ~~sections-431.1-to-431.5,-inclusive~~
12 section 15 of this Act, and said shares of stock shall

13 not be otherwise assessed. ~~In addition to the statement~~
14 ~~required in section 431.2, the corporation shall furnish~~
15 ~~to the assessor a copy of its annual report made to~~
16 ~~the commissioner of insurance.~~
17 Sec. 28. Section four hundred thirty-two point seven
18 (432.7), Code 1971, is amended to read as follows:
19 432.7 ASSESSMENT. It shall be the duty of the
20 assessor, upon the receipt of said statements, and from
21 other information acquired by him, to assess against
22 every corporation or association referred to in section
23 432.6, the value of all tangible personal property owned
24 by such corporation or association, together with the
25 actual value of each parcel of real estate situated

1 in the assessment district of such assessor, and all
2 the said property shall be assessed at the same rate,
3 and for the same purposes as the property of private
4 individuals, as provided in section 441.21.
5 Sec. 29. Section four hundred forty-four point three
6 (444.3), Code 1971, is amended by striking unnumbered
7 paragraphs two (2) through five (5), inclusive.
8 Sec. 30. Chapter four hundred thirty A (430A), and
9 sections four hundred twenty-eight point twelve (428.12),
10 four hundred thirty-two point eight (432.8), four hundred
11 thirty-two point nine (432.9), four hundred forty-four
12 point five (444.5), and five hundred eighteen A point
13 thirty-eight (518A.38), Code 1971, are repealed.
14 2. Renumber the sections and internal references
15 to sections to conform to this amendment.

Filed
March 8, 1972

By GAUDINEER, COLEMAN, DODERER, GLENN, GROSS, HILL, KENNEDY, MILLER, PALMER, ROBINSON, SCHABEN, TAPSCOTT

1 Amend Senate File 1202 as follows:
2 Page 9, after line 19 add the following subsection:
3 "Any person entitled to receive compensation from the
4 service compensation fund shall be exempt from the tax
5 imposed by this section."

Filed
March 7, 1972

By DODERER