

Ways and Means: Conlon, Chair; Lura, Diemer, Shull, Howell, Halt and Chiodo.

*Amend of 6-22-80 to P. 615
of 5 (p. 1342)*

FILED FEB 25 1980

SENATE FILE 2247

By COMMITTEE ON WAYS AND MEANS

Approved 2/21 (p. 509)

(FORMERLY SENATE STUDY BILL 2239)

Passed Senate, Date 2-28-80 (p. 615) Passed House, Date 4/22/80 (p. 1205)

Vote: Ayes 47 Nays 0 Vote: Ayes 64 Nays 33

Approved May 21, 1980

Repassed Senate 4/22/80 (p. 1205)

31-16

A BILL FOR

1 An Act relating to the indexing of the state individual
2 income tax.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SENATE FILE 2247

S-5235

1 Amend Senate File 2247 as follows:
2 1. Page 2, line 23, by striking the word "sixty"
3 and inserting in lieu thereof the word "seventy-five".

S-5235 FILED & LOST (p. 614)
FEBRUARY 28, 1980

BY LOWELL JUNKINS

SENATE FILE 2247

S-5233

1 Amend Senate File 2247 as follows:
2 1. Page 2, line 23, by striking the word "sixty"
3 and inserting in lieu thereof the word "forty".

S-5233 FILED & LOST (p. 614)
FEBRUARY 28, 1980

BY NORMAN RODGERS

SENATE FILE 2247

S-5232

1 Amend Senate File 2247 as follows:
2 1. Page 2, line 24, by inserting after the word
3 "dollars" the words "multiplied by the annual inflation
4 factor".

S-5232 FILED - Lost 2/28 (p. 613)
FEBRUARY 27, 1980

BY LUCAS J. DeKOSTER
JOHN S. MURRAY

1 Section 1. Acts of the Sixty-eighth General Assembly,
2 1979 Session, chapter ninety-three (93), section one (1),
3 is amended to read as follows:

4 SECTION 1. Section four hundred twenty-two point four
5 (422.4), Code 1979, is amended by adding the following new
6 subsection:

7 NEW SUBSECTION.

8 a. "Annual inflation factor" means an index, expressed
9 as a percentage, determined by the department each year to
10 reflect the purchasing power of the dollar as a result of
11 inflation ~~or-deflation~~ during the preceding calendar year.
12 However, beginning with the 1981 calendar year and for sub-
13 sequent calendar years, "annual inflation factor" means an
14 index, expressed as a percentage, determined by the department
15 by October fifteenth of the calendar year preceding the
16 calendar year for which the factor is determined to reflect
17 the purchasing power of the dollar as a result of inflation
18 during the fiscal year ending in the calendar year preceding
19 the calendar year for which the factor is determined. In
20 determining the annual inflation factor, the department shall
21 use the annual percent change, but not less than zero percent,
22 in the consumer price index produced by the bureau of labor
23 statistics of the United States department of labor and shall
24 add one-fourth for the 1979 calendar year and two-fourths
25 for the 1980 and subsequent calendar year* years of that percent
26 change to one hundred percent, except that the amount of the
27 percent change added to the one hundred percent shall not
28 exceed the ~~greater-of-zero-or-the-difference-between~~ amount
29 by which the percent change and exceeds three percent. The
30 annual inflation factor and the cumulative inflation factor
31 shall each be expressed as a percentage rounded to the nearest
32 one-tenth of one percent. The annual inflation factor shall
33 not be less than one hundred percent.

34 b. "Cumulative inflation factor" means the product of
35 the annual inflation factor for the 1978 calendar year and

1 all annual inflation factors for subsequent calendar years
2 as determined pursuant to this subsection. The cumulative
3 inflation factor ~~shall apply~~ applies to all tax years beginning
4 on or after January first of the calendar year ~~in~~ for which
5 the latest annual inflation factor has been determined.

6 c. The annual inflation factor for the 1978 calendar year
7 is one hundred percent.

8 ~~d. The annual inflation factor and the cumulative inflation~~
9 ~~factor shall only be computed for the 1979 and 1980 calendar~~
10 ~~years.~~

11 e d. Notwithstanding the computation of the annual
12 inflation factor under paragraph a of this subsection, the
13 annual inflation factor is one hundred percent for any calendar
14 year in which the unobligated state general fund balance on
15 June thirtieth as certified by the state comptroller by
16 September tenth of the fiscal year beginning in that calendar
17 year is less than sixty million dollars however, beginning
18 with the 1981 calendar year and for subsequent calendar years,
19 the annual inflation factor is one hundred percent for any
20 calendar year if the unobligated state general fund balance
21 on June thirtieth of the calendar year preceding the calendar
22 year for which the factor is determined, as certified by the
23 state comptroller by October tenth, is less than sixty million
24 dollars.

25 Sec. 2. Acts of the Sixty-eighth General Assembly, 1979
26 Session, chapter ninety-three (93), section four (4), is
27 amended to read as follows:

28 SEC. 4. Section four hundred twenty-two point five (422.5),
29 Code 1979, is amended by adding the following new unnumbered
30 paragraph:

31 NEW UNNUMBERED PARAGRAPH. Upon determination of the latest
32 cumulative inflation factor, the director of revenue shall
33 multiply each dollar amount set forth in subsections 1 through
34 13 of this section and each dollar amount specified in
35 unnumbered paragraph 6 of this section as the maximum amount

1 of annuities received which may be excluded in determining
2 final taxable income by this cumulative inflation factor,
3 shall round off the resulting product to the nearest one
4 dollar and incorporate the result into the income tax forms
5 and instructions for each tax year. ~~The director shall not~~
6 ~~alter the dollar amounts specified in subsections 1 through~~
7 ~~13 of this section for any tax year beginning on or after~~
8 ~~January 1, 1981. However, the resulting product shall not~~
9 ~~reduce the dollar amounts set forth in subsections 1 through~~
10 ~~13 and unnumbered paragraph 6 of section 422.5 below those~~
11 ~~specified on January 1, 1979.~~

12 Sec. 3. Acts of the Sixty-eighth General Assembly, 1979
13 Session, chapter ninety-three (93), section eight (8), is
14 amended to read as follows:

15 SEC. 8. Section four hundred twenty-two point twenty-
16 one (422.21), Code 1979, is amended by adding the following
17 new unnumbered paragraph:

18 NEW UNNUMBERED PARAGRAPH. The director shall determine
19 for the 1979 and 1980 subsequent calendar years the annual
20 and cumulative inflation factors for those calendar years
21 to be applied to tax years beginning on or after January first
22 of that calendar year. The director shall compute the new
23 dollar amounts as specified therein to be adjusted in section
24 422.5 by the latest cumulative inflation factor and round
25 off the result to the nearest one dollar. ~~The director shall~~
26 ~~not compute new dollar amounts specified in subsections 1~~
27 ~~through 13 of section 422.5 for any tax year beginning on~~
28 ~~or after January 1, 1981.~~ The annual and cumulative inflation
29 factors determined by the director are not rules as defined
30 in section 17A.2, subsection 7.

31 EXPLANATION

32 The bill makes permanent the indexing of the individual
33 income tax rate brackets and of the maximum amount of annuities
34 received from the United States government which may be
35 excluded in determining taxable income. Once these items

1 are indexed, they will not be reduced for subsequent years.
2 Beginning in the 1981 calendar year and for subsequent years,
3 the inflation factors shall be determined in the preceding
4 year based upon inflation during the fiscal year ending in
5 that preceding year. Presently, the factors are determined
6 in the year for which the factors are to apply based upon
7 inflation during the preceding calendar year.

8 The bill takes effect July first following its enactment.

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SENATE CLIP SHEET

MARCH 5, 1980

SENATE FILE 2247
FISCAL NOTE

DATE: FEBRUARY 27, 1980
REQUESTED BY: SENATOR CRAFT

In compliance with a written request received February 25, 19 80, there is hereby submitted a Fiscal Note for Senate File 2247 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

Senate File 2247, An Act relating to the indexing of the state individual income tax.

S.F. 2247 makes permanent the indexing of the individual income tax rate brackets and of the maximum amount of U.S. government annuities which may be excluded in determining taxable income. Once these items are increased by indexation, they cannot be reduced in subsequent years.

During tax year 1980 and all subsequent tax years, the annual inflation factor is one-half of the percentage change in the consumer price index during the fiscal year ending the previous June plus 100 percent. The annual inflation factor will continue to be limited to no more than the change in inflation less three percent. The general fund ending balance of \$60,000,000 necessary for indexing will be determined as of June 30 of the prior fiscal year.

Estimated fiscal impacts:

S.F. 2247 has no fiscal impact during FY '80, but does reduce potential individual income tax liabilities in all future years. The size of the reduction will increase as inflation increases.

Without S.F. 2247, in tax year 1981, the rate brackets revert to 1978 levels. The reduction in 1981 tax liability between the base brackets (1978) and the estimated brackets under S.F. 2247 is expected to be approximately \$75,000,000. This estimate assumes a 13 percent to 14 percent annual rate of inflation. The reliability of the estimated reduction will be affected by future consumer price changes and taxable personal income variations. No estimate of the fiscal impact beyond tax year 1981 is available.

RECEIVED BY SECRETARY OF THE SENATE FEB. 28, 1980

FILED:

MARCH 4, 1980

BY GERRY RANKIN, DIRECTOR
LEGISLATIVE FISCAL BUREAU

SENATE FILE 2247

6281

1 Amend Senate File 2247 as passed by the Senate,
2 as follows:

3 1. Page 3, by inserting after line 30 the
4 following:

5 "Sec. ____ . Section four hundred twenty-seven A point
6 twelve (427A.12), Code 1979, is amended by adding the
7 following new subsection:

8 NEW SUBSECTION. For a county which has had two or
9 more private schools close since August 15, 1973, the
10 comptroller shall pay to the county for each tax year
11 an amount equal to eighty percent of the excess of
12 the amount of personal property taxes not collected
13 in the tax year over the total amount of the state
14 reimbursement paid for the tax year to taxing districts
15 in the county under subsections one (1) through eight
16 (8) of this section. For purposes of this subsection,
17 "amount of personal property taxes not collected in the
18 tax year" is the amount equal to the product of the
19 levy rate for the tax year times the dollar amount
20 of the reduction in the assessed value of all taxable
21 personal property in the county as a result of section
22 four hundred twenty-seven A point eleven (427A.11) of
23 the Code.

24 There is appropriated from the state general fund
25 to the comptroller an amount sufficient to carry out
26 the provisions of this subsection."

27 2. Title page, line 2, by inserting after the word
28 "tax" the words "and the state personal property tax
29 credit".

30 3. Number and renumber as is necessary.

H-6281 FILED APRIL 22, 1980 BY CONNOLLY of Dubuque
NOT GERMANE (p. 1903)

SENATE FILE 2247

H-6289

1 Amend the Committee amendment, H-6226, to Senate
2 File 2247, as follows:

3 1. Page 1, by striking lines 8 through 17.

4 2. Page 1, by striking lines 36 through 41.

5 3. Renumber as is necessary.

H-6289 FILED APRIL 22, 1980 BY NORLAND of Worth
WITHDRAWN (p. 1902)

SENATE FILE 2247

H-6276

1 Amend the Committee amendment, H-6226, to Senate
2 File 2247, as follows:

3 1. Page 1, line 13, by inserting after the word
4 "year" the words "or for the second quarter of the
5 calendar year, in the case of the annual inflation
6 factor for the 1981 calendar year.".

H-6276 FILED APRIL 22, 1980 BY WEST of Marshall
ADOPTED (p. 1902)

H-6226

1 Amend Senate File 2247 as passed by the Senate
2 as follows:

3 1. Page 1, line 12, by striking the words "However,
4 beginning with" and inserting in lieu thereof the word
5 "For".

6 2. Page 1, lines 12 and 13, by striking the words
7 "and for subsequent calendar years".

8 3. Page 1, lines 22 and 23, by striking the words
9 "consumer price index produced by the bureau of labor
10 statistics" and inserting in lieu thereof the words
11 "~~consumer-price-index-produced-by-the-bureau-of-labor~~
12 ~~statistics~~ implicit price deflator for the gross
13 national product computed for the whole calendar year
14 by the bureau of economic analysis".

15 4. Page 1, line 23, by striking the word "labor"
16 and inserting in lieu thereof the words "~~labor~~
17 commerce".

18 5. Page 1, by striking line 24 and inserting in
19 lieu thereof the words "~~add one-fourth-for-the-1979~~
20 ~~calendar-year-and~~ two-fourths".

21 6. Page 1, line 25, by striking the word
22 "subsequent" and inserting in lieu thereof the figure
23 "1981".

24 7. Page 1, line 29, by inserting after the period
25 the words "The annual inflation factor for the 1979
26 calendar year is one hundred two point three percent."

27 8. Page 2, by inserting after the period in line
28 5 the words "For calendar years beginning on or after
29 January 1, 1982, the cumulative inflation factor shall
30 be one hundred percent."

31 9. Page 2, lines 17 and 18, by striking the words
32 "however, beginning with" and inserting in lieu thereof
33 the words ". However, for".

34 10. Page 2, line 18, by striking the words "and
35 for subsequent calendar years".

36 11. Page 3, by inserting after line 30 the
37 following:

38 "Sec. ____ . This Act is retroactive to January
39 1, 1980 for tax years beginning on or after January
40 1, 1980 and to this extent is retroactive."

41 12. By numbering as is necessary.

H-6226 FILED

BY COMMITTEE ON WAYS AND MEANS

APRIL 18, 1980

WEST, Chair

A- Adopted 4/22 (p. 1902)

B- Amended by 6246, Adopted (p. 1905)

H-6249

1 Amend Senate File 2247, as passed by the Senate, as
2 follows:

3 1. Page 1, by striking line 26 through 28 and inserting
4 in lieu thereof the following: "change to one hundred
5 percent, ~~except that the amount of the percent change~~
6 ~~added to the one hundred percent shall not exceed the~~
7 ~~greater of zero or the difference between~~".

8 2. Page 1, line 29, by striking the words "by which
9 the percent change and exceeds three percent" and inserting
10 in lieu thereof the following: "the percent change and
11 three percent".

H-6249 FILED APRIL 21, 1980 By CONLON of Muscatine

SENATE FILE 2247

6292

1 Amend Senate File 2247 as passed by the Senate
2 as follows:

3 1. Page 3, by inserting after line 30 the following
4 new section:

5 "Sec. ____ . Section four hundred twenty-seven A
6 point nine (427A.9), unnumbered paragraph two (2),
7 Code 1979, is amended to read as follows:

8 The amount of the additional personal property
9 tax credit shall be a fixed amount for each tax year.
10 The amount of the additional personal property tax
11 credit shall be increased for the extended tax year
12 beginning January 1, 1974, and ending June 30, 1975,
13 and shall be increased for each tax year immediately
14 following a tax year in which the growth of state
15 general fund revenues, adjusted for changes in rate
16 or basis, exceeds five and one-half percent, except
17 that the amount of the additional personal property
18 tax credit for taxes payable in each year of the
19 fiscal period beginning July 1, 1977 and ending June
20 30, 1979 shall not exceed the amount of the additional
21 personal property tax credit allowed for taxes payable
22 in the fiscal year beginning July 1, 1976 and ending
23 June 30, 1977 and the amount of the additional personal
24 property tax credit for taxes payable in each year
25 of the fiscal period beginning July 1, 1980 and ending
26 June 30, 1981 shall not exceed the amount of the
27 additional personal property tax credit allowed for
28 taxes payable in the fiscal year beginning July 1,
29 1979 and ending June 30, 1980. An increase in the
30 additional personal property tax credit, once granted,
31 shall continue for each succeeding tax year. For
32 the purposes of this chapter the state comptroller
33 may estimate the state percent of growth if necessary
34 to avoid delay in the collection of taxes. After
35 nine such increases have been made, all taxes on
36 personal property shall be repealed as provided in
37 the following section. The director of revenue and
38 the state comptroller, jointly, shall determine the
39 amount of the credit for each such tax year. Such
40 amount shall be the maximum amount, rounded to the
41 nearest ten dollars, which will permit complete funding
42 of the replacement obligation under this division,
43 including the replacement obligation for the tax
44 credit granted pursuant to sections 427A.1 to 427A.5,
45 out of the appropriation provided in this chapter.
46 2. Renumber sections and correct internal
47 references as are necessary in accordance with this
48 amendment.

SENATE FILE 2247

H-6282

1 Amend Senate File 2247 as passed by the Senate
 2 as follows:
 3 1. Page 3, by inserting after line 30 the
 4 following:
 5 "Sec. _____. Section four hundred twenty-seven
 6 A point twelve (427A.12), subsection two (2),
 7 unnumbered paragraph one (1) and paragraph b, and
 8 subsection three (3), Code 1979, are amended to read
 9 as follows:
 10 On or before January ~~15, 1974~~, fifteenth of each
 11 year the county auditor of each county shall prepare
 12 a statement listing for each taxing district in the
 13 county:
 14 b. The ~~mileage~~ current levy rate of each taxing
 15 ~~district levied in 1972 and payable in 1973.~~
 16 3. The county auditor shall certify and forward
 17 one copy each of the statement to the state comptroller
 18 and to the director of revenue not later than January
 19 ~~15, 1974~~ fifteenth of each year. The director of
 20 revenue shall make any necessary corrections and
 21 certify to the state comptroller the amount of the
 22 personal property tax replacement base for each taxing
 23 district in the state, determined pursuant to
 24 subsection 2."
 25 2. Title page, line 2, by inserting after the
 26 word "tax" the words "and the state personal property
 27 tax credit".
 28 3. Number as is necessary.

H-6282 FILED APRIL 22, 1980 BY CONNOLLY of Dubuque
WITHDRAWN (p. 1903)

SENATE FILE 2247

H-6283

1 Amend Senate File 2247 as passed by the Senate
 2 as follows:
 3 1. Page 2, by inserting after line 24 the
 4 following:
 5 "e. The sixty million dollar figure specified
 6 in paragraph d of this subsection shall be adjusted
 7 for the 1981 calendar year and each subsequent calendar
 8 year by multiplying the figure by the product of the
 9 annual inflation factor for the 1981 calendar year
 10 and the annual inflation factors for subsequent
 11 calendar years. For purposes of this paragraph in
 12 determining the annual inflation factor for a calendar
 13 year, the provision of paragraph d of this subsection
 14 shall not apply. The adjusted figure shall apply
 15 in determining under paragraph d of this subsection
 16 the latest annual inflation factor which was used
 17 in the computation under this paragraph."

H-6283 FILED APRIL 22, 1980 BY HALVORSON of Webster
WITHDRAWN (p. 1906)

SENATE FILE 2247

6298

1 Amend Senate File 2247 as passed by the Senate,
2 as follows:
3 1. Page 3, by inserting after line 30 the
4 following:
5 "Sec. ____ . Section four hundred fifty point nine
6 (450.9), Code 1979, is amended to read as follows:
7 450.9 INDIVIDUAL EXEMPTIONS. In computing the
8 tax on the net estate passing to the surviving spouse,
9 heirs or beneficiaries of the deceased the following
10 credits or exemptions shall be allowed:
11 1. Surviving spouse, eighty one hundred twenty
12 thousand dollars.
13 2. Each son and daughter, including legally adopted
14 sons and daughters, or illegitimate sons and daughters
15 entitled to inherit under the law of this state,
16 thirty five thousand dollars.
17 3. Father or mother, ten fifteen thousand dollars.
18 4. Any other lineal descendant of the deceased,
19 ten fifteen thousand dollars.
20 Sec. ____ . Section four (4) of this Act is effective
21 July 1, 1980 for the estates of decedents dying on
22 or after July 1, 1980 only if the unobligated state
23 general fund balance on June 30, 1980 as certified
24 by the comptroller under section one (1) of this Act
25 is sixty-five million dollars."
26 2. Number and renumber as is necessary.

H-6298 FILED APRIL 22, 1980
NOT GERMANE, MOTION TO SUSPEND RULES, LOST
(p 1718)

BY PERKINS of Greene
COCHRAN of Webster

SENATE FILE 2247

H-6296

1 Amend amendment H-6288 , to Senate File 2247 as
2 passed by the Senate as follows:
3 1. Page 1, line 31, by inserting after the word
4 "each" the words "of the next four".
5 2. Page 1, line 32, by striking the word "year"
6 and inserting in lieu thereof the word "years".
7 3. Page 1, line 38, by inserting after the period
8 the words "The increased optional standard deduction
9 percentage determined under this subsection for tax
10 years beginning in the 1984 calendar year shall
11 continue for succeeding tax years."

H-6296 FILED APRIL 22, 1980 By NORLAND of Worth
ADOPTED (p 1701)

H-6288

1 Amend Senate File 2247 as passed by the Senate
2 as follows:

3 1. Page 3, line 25, by inserting after the period
4 the words "The director shall compute the new dollar
5 amounts as specified therein to be adjusted in sec-
6 tion four hundred twenty-two point nine (422.9) of
7 the Code by the annual inflation factors and round
8 off the result to the nearest ten dollars."

9 2. Page 3, by inserting after line 30 the
10 following:

11 "Sec. ____ . Section four hundred twenty-two point
12 nine (422.9), Code 1979, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. The director shall adjust for
15 each calendar year the dollar amounts specified in
16 subsection one (1) of this section by multiplying
17 the original dollar amounts by the product of the
18 annual inflation factor for the 1980 calendar year
19 and the annual inflation factor for each subsequent
20 calendar year. The director shall round off the re-
21 sulting product to the nearest ten dollars and incor-
22 porate the result into the income tax forms and in-
23 structions. The adjusted amounts shall apply to tax
24 years beginning in the calendar year for which the
25 latest adjustments have been made."

26 3. Page 3, by inserting after line 30 the follow-
27 ing:

28 "Sec. ____ . Section four hundred twenty-two point
29 nine (422.9), Code 1979, is amended by adding the
30 following new subsection:

31 NEW SUBSECTION. For the 1980 and each subsequent
32 calendar year, the percentage of the optional standard
33 deduction specified in subsection one (1) of this
34 section shall be increased by one percentage point
35 for each calendar year. The increased optional
36 standard deduction percentage shall apply to tax years
37 beginning in the calendar year for which the latest
38 increase has been made."

39 4. Number and renumber as is necessary.

H-6288 FILED APRIL 22, 1980 By NORLAND of Worth

DIV: A - WITHDRAWN (6.1987)
DIV: B - NOT GERMANE (6.1987)

SENATE FILE 2247

H-6291

1 Amend Committee amendment, H-6226, to Senate File
2 2247 as passed by the Senate, as follows:
3 1. Page 1, line 20, by striking the words "two-
4 fourths" and inserting in lieu thereof the words "~~two-~~
5 ~~fourths~~ five-eighths".
6 2. Page 1, by inserting after line 35 the
7 following:
8 "____. Page 3, by inserting after line 30 the
9 following:
10 "Sec. _____. Section four hundred twenty-two point
11 nine (422.9), Code 1979, is amended by adding the
12 following new subsection:
13 NEW SUBSECTION. The amount of federal income tax
14 that can be deducted under subsection one (1) of this
15 section or the amount that can be added under
16 subsection two (2), paragraph b of this section shall
17 not exceed, for a tax year beginning in the 1980
18 calendar year, the sum of ten thousand dollars plus
19 eighty percent of the federal income tax in excess
20 of that amount or for a tax year beginning in the
21 1981 calendar year, the sum of ten thousand dollars
22 plus sixty percent of the federal income tax in excess
23 of that amount."
24 3. Number and renumber as is necessary.

H-6291 FILED

APRIL 22, 1980 NOT GERMANE (p. 1903)
MOTION TO SUSPEND RULES, LOST

BY BRUNER of Story
RAPP of Black Hawk

SENATE FILE 2247

H-6293

1 Amend Senate File 2247 as follows:
2 1. Page 3, by inserting after line 30 the
3 following:
4 "Sec. _____. Section four hundred twenty-seven A
5 point nine (427A.9), Code 1979, is amended by adding
6 the following new unnumbered paragraph:
7 NEW UNNUMBERED PARAGRAPH. Notwithstanding
8 unnumbered paragraph two (2) of this section, the
9 amount of the additional personal property tax credit
10 shall not be increased for the tax year during which
11 the state comptroller certifies pursuant to section
12 one (1) of this Act the unobligated state general
13 fund balance is less than seventy-five million dollars
14 and shall not be increased for the subsequent tax
15 year. For purposes of this paragraph, the comptroller
16 may estimate the unobligated state general fund balance
17 if necessary to avoid delay in the collection of
18 taxes. However, if the estimate causes a wrong result,
19 the comptroller shall make adjustments in the second
20 half payments to the taxing districts to remedy the
21 wrong result."
22 2. Title page, line 2, by inserting after the
23 word "tax" the words "and the state personal property
24 tax credit".
25 3. Number and renumber as necessary.

H-6293 FILED APRIL 22, 1980

NOT GERMANE, MOTION TO SUSPEND RULES, LOST (p. 1910)

BY NORLAND of Worth

SENATE FILE 2247

H-6299

- 1 Amend the Perkins amendment, H-6298, to Senate
- 2 File 2247 as passed by the Senate as follows:
- 3 1. Page 1, line 6, by inserting before the word
- 4 "Code" the words and figure "subsection one (1),".
- 5 2. Page 1, by striking lines 7 through 19 and
- 6 inserting in lieu thereof the following:
- 7 "1. Surviving spouse, eighty one hundred fifty
- 8 thousand dollars."

H-6299 FILED APRIL 22, 1980 By NORLAND of Worth
ADOPTED (p. 1713)

HOUSE AMENDMENT TO SENATE FILE 2247

S-5823

- 1 Amend Senate File 2247 as passed by the Senate
2 as follows:
- 3 1. Page 1, line 12, by striking the words "However,
4 beginning with" and inserting in lieu thereof the word
5 "For".
- 6 2. Page 1, lines 12 and 13, by striking the words
7 "and for subsequent calendar years".
- 8 3. Page 1, lines 22 and 23, by striking the words
9 "consumer price index produced by the bureau of labor
10 statistics" and inserting in lieu thereof the words
11 "consumer-price-index-produced-by-the-bureau-of-labor
12 statistics implicit price deflator for the gross
13 national product computed for the whole calendar year
14 or for the second quarter of the calendar year, in
15 the case of the annual inflation factor for the 1981
16 calendar year, by the bureau of economic analysis".
- 17 4. Page 1, line 23, by striking the word "labor"
18 and inserting in lieu thereof the words "labor
19 commerce".
- 20 5. Page 1, by striking line 24 and inserting in
21 lieu thereof the words "add one-fourth-for-the-1979
22 calendar-year-and two-fourths".
- 23 6. Page 1, line 25, by striking the word
24 "subsequent" and inserting in lieu thereof the figure
25 "1981".
- 26 7. Page 1, by striking lines 26 through 28 and
27 inserting in lieu thereof the following: "change
28 to one hundred percent,~~except that the amount of~~
29 ~~the percent change added to the one hundred percent~~
30 ~~shall not exceed the greater of zero or the difference~~
31 ~~between~~".
- 32 8. Page 1, line 29, by striking the words "by
33 which the percent change and exceeds three percent"
34 and inserting in lieu thereof the following: "the
35 percent change and three percent".
- 36 7. Page 1, line 29, by inserting after the period
37 the words "The annual inflation factor for the 1979
38 calendar year is one hundred two point three percent.
39 8. Page 2, by inserting after the period in line
40 5 the words "For calendar years beginning on or after
41 January 1, 1982, the cumulative inflation factor shall
42 be one hundred percent."
- 43 9. Page 2, lines 17 and 18, by striking the words
44 "however, beginning with" and inserting in lieu thereof
45 the words ". However, for".
- 46 10. Page 2, line 18, by striking the words "and
47 for subsequent calendar years".
- 48 11. Page 3, by inserting after line 30 the
49 following:
50 "Sec. ____ . This Act is retroactive to January

SENATE 16
APRIL 24, 1980

S-5823
PAGE 2

1 1, 1980 for tax years beginning on or after January
2 1, 1980 and to this extent is retroactive."
3 12. By numbering as is necessary.

S-5823 FILED
APRIL 23, 1980
SENATE CONCURRED

RECEIVED FROM THE HOUSE

Senate concurred 4/23 (p 1623)

SENATE FILE 2247

AN ACT

RELATING TO THE INDEXING OF THE STATE INDIVIDUAL INCOME TAX.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Acts of the Sixty-eighth General Assembly, 1979 Session, chapter ninety-three (93), section one (1), is amended to read as follows:

SECTION 1. Section four hundred twenty-two point four (422.4), Code 1979, is amended by adding the following new subsection:

NEW SUBSECTION.

a. "Annual inflation factor" means an index, expressed as a percentage, determined by the department each year to reflect the purchasing power of the dollar as a result of inflation ~~or deflation~~ during the preceding calendar year. For the 1981 calendar year, "annual inflation factor" means an index, expressed as a percentage, determined by the department by October fifteenth of the calendar year preceding the calendar year for which the factor is determined to reflect the purchasing power of the dollar as a result of inflation during the fiscal year ending in the calendar year preceding the calendar year for which the factor is determined. In determining the annual inflation factor, the department shall use the annual percent change, but not less than zero percent, in the ~~consumer-price-index-produced-by-the-bureau-of-labor statistics implicit price deflator for the gross national product computed for the whole calendar year or for the second quarter of the calendar year,~~ in the case of the annual inflation factor for the 1981 calendar year, by the bureau of economic analysis of the United States department of labor commerce and shall add ~~one-fourth-for-the-1979-calendar-year and two-fourths for the 1980 and 1981 calendar year years~~ of that percent change to one hundred percent, ~~except that~~

~~the amount of the percent change added to the one hundred percent shall not exceed the greater of zero or the difference between the percent change and three percent.~~ The annual inflation factor for the 1979 calendar year is one hundred two point three percent. The annual inflation factor and the cumulative inflation factor shall each be expressed as a percentage rounded to the nearest one-tenth of one percent. The annual inflation factor shall not be less than one hundred percent.

b. "Cumulative inflation factor" means the product of the annual inflation factor for the 1978 calendar year and all annual inflation factors for subsequent calendar years as determined pursuant to this subsection. The cumulative inflation factor ~~shall apply~~ applies to all tax years beginning on or after January first of the calendar year ~~in~~ for which the latest annual inflation factor has been determined. For calendar years beginning on or after January 1, 1982, the cumulative inflation factor shall be one hundred percent.

c. The annual inflation factor for the 1978 calendar year is one hundred percent.

~~d.--The annual inflation factor and the cumulative inflation factor shall only be computed for the 1979 and 1980 calendar years.~~

e d. Notwithstanding the computation of the annual inflation factor under paragraph a of this subsection, the annual inflation factor is one hundred percent for any calendar year in which the unobligated state general fund balance on June thirtieth as certified by the state comptroller by September tenth of the fiscal year beginning in that calendar year is less than sixty million dollars. However, for the 1981 calendar year, the annual inflation factor is one hundred percent for any calendar year if the unobligated state general fund balance on June thirtieth of the calendar year preceding the calendar year for which the factor is determined, as certified by the state comptroller by October tenth, is less than sixty million dollars.

S.F. 2247

Sec. 2. Acts of the Sixty-eighth General Assembly, 1979 Session, chapter ninety-three (93), section four (4), is amended to read as follows:

SEC. 4. Section four hundred twenty-two point five (422.5), Code 1979, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Upon determination of the latest cumulative inflation factor, the director of revenue shall multiply each dollar amount set forth in subsections 1 through 13 of this section and each dollar amount specified in unnumbered paragraph 6 of this section as the maximum amount of annuities received which may be excluded in determining final taxable income by this cumulative inflation factor, shall round off the resulting product to the nearest one dollar and incorporate the result into the income tax forms and instructions for each tax year. ~~The director shall not alter the dollar amounts specified in subsections 1 through 13 of this section for any tax year beginning on or after January 1, 1981. However, the resulting product shall not reduce the dollar amounts set forth in subsections 1 through 13 and unnumbered paragraph 6 of section 422.5 below those specified on January 1, 1979.~~

Sec. 3. Acts of the Sixty-eighth General Assembly, 1979 Session, chapter ninety-three (93), section eight (8), is amended to read as follows:

SEC. 8. Section four hundred twenty-two point twenty-one (422.21), Code 1979, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The director shall determine for the 1979 and 1980 subsequent calendar years the annual and cumulative inflation factors for those calendar years to be applied to tax years beginning on or after January first of that calendar year. The director shall compute the new dollar amounts as specified therein to be adjusted in section 422.5 by the latest cumulative inflation factor and round off the result to the nearest one dollar. ~~The director shall~~

~~not compute new dollar amounts specified in subsections 1 through 13 of section 422.5 for any tax year beginning on or after January 1, 1981.~~ The annual and cumulative inflation factors determined by the director are not rules as defined in section 17A.2, subsection 7.

Sec. 4. This Act is retroactive to January 1, 1980 for tax years beginning on or after January 1, 1980 and to this extent is retroactive.

TERRY E. BRANSTAD
President of the Senate

WILLIAM H. HARBOR
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2247, Sixty-eighth General Assembly.

FRANK J. STORK
Secretary of the Senate

Approved 5/21, 1980

ROBERT D. RAY
Governor