

Do Pass 4/20 (p. 1591)

FILED MAR 22 1982

SENATE FILE 2293

BY COMMITTEE ON WAYS AND MEANS
(FORMERLY SSB 2038)
Approved (p. 862)

Passed Senate, Date 4-14-82 (p. 1194) Passed House, Date 4-22-82 (p. 1655)
Vote: Ayes 49 Nays 0 Vote: Ayes 97 Nays 0
Approved May 14 1982

A BILL FOR

1 An Act relating to the apportionment of business income for
2 corporate income tax purposes.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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SENATE FILE 2293
FISCAL NOTE

REQUESTED BY SENATOR CRAFT

In compliance with a written request received there is hereby submitted a Fiscal Note for Senate File 2293 pursuant to Joint Rule 16.

S.F. 2293 An Act relating to the apportionment of business income for corporate income tax purposes.

The bill provides for combining all net business income and applying to it an apportionment formula which contains aspects associated with each type of net business income, except capital gains and losses, included in the net business income apportionment base of a taxpayer. The purpose of the bill is a clarification of the present apportionment treatment of net income. The Department of Revenue's rules currently provide that all business income is combined for determining the single factor apportionment formula. Some foreign corporations feel the Iowa statutes allow a separate formula for each type of net business income rather than including all net business income in a combined income base.

The bill takes effect July 1 following enactment.

There is no fiscal effect.

SOURCE: DEPARTMENT OF REVENUE

FILED:
MARCH 22, 1982

BY GERRY RANKIN, FISCAL DIRECTOR

1 Section 1. Section 422.33, subsection 1, paragraph b,
2 Code 1981, as amended by Acts of the Sixty-ninth General
3 Assembly, 1981 Session, chapter 135, section 2, is amended
4 by inserting after subparagraph (4) the following new subpara-
5 graph and renumbering the remaining subparagraph:

6 NEW SUBPARAGRAPH. (5) Where income consists of more than
7 one class of income as provided in subparagraphs (1) through
8 (4) of this paragraph, it shall be reasonably apportioned
9 by the business activity ratio provided in rules adopted by
10 the director.

11 EXPLANATION

12 The bill provides for combining all net business income
13 and applying to it an apportionment formula which contains
14 aspects associated with each type of net business income,
15 except capital gains and losses, included in the net business
16 income apportionment base of a taxpayer. The proposed changes
17 will clarify, but are not intended to change, the present
18 apportionment treatment of net business income under section
19 422.33. The bill takes effect July 1 following enactment.

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by the business activity ratio provided in rules adopted by the director.

TERRY E. BRANSTAD
President of the Senate

DELWYN STROMER
Speaker of the House

SENATE FILE 2293

I hereby certify that this bill originated in the Senate and is known as Senate File 2293, Sixty-ninth General Assembly.

AN ACT
RELATING TO THE APPORTIONMENT OF BUSINESS INCOME FOR CORPORATE
INCOME TAX PURPOSES.

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

Section 1. Section 422.33, subsection 1, paragraph b, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 135, section 2, is amended by inserting after subparagraph (4) the following new subparagraph and renumbering the remaining subparagraph:

NEW SUBPARAGRAPH. (5) Where income consists of more than one class of income as provided in subparagraphs (1) through (4) of this paragraph, it shall be reasonably apportioned

K. MARIE THAYER
Secretary of the Senate

Approved May 14, 1982

ROBERT D. RAY
Governor

S.F. 2293