

Finance Div Pass 2/22 (p. 512)

1 FEB 21 1983

SENATE FILE 288

BY COMMITTEE ON WAYS AND MEANS
Approved 2/21 (p. 503)
(FORMERLY SSB 70)

Substituted for H.F. 218 3/4/83 (p. 604)

Passed Senate, Date 2-24-83 (p. 537) Passed House, Date 3-11-83 (p. 694)

Vote: Ayes 42 Nays 1 Vote: Ayes 91 Nays 1

Approved March 29, 1983 (p. 1011)

A BILL FOR

1 An Act relating to the tax credit allowed Iowa resident tax-
2 payers for income taxes paid to another state or foreign
3 country on income earned outside of Iowa and making it
4 retroactive.

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

SENATE FILE 288

H-3241

1 Amend Senate File 288 as passed by the Senate,
2 as follows:

3 1. Page 1, by striking lines 7 through 10 and
4 inserting in lieu thereof the following: "computed
5 ~~under the provisions of this chapter, except that~~
6 ~~the credit shall not exceed what the amount of the~~
7 ~~Iowa tax would have been on the same income which~~
8 ~~was taxed by the other state or foreign country~~ subject
9 to limitation. The limitation on this credit".

H-3241 FILED MARCH 10, 1983

BY SPEAR of Lee

2/15 3/11/83 (p. 694)

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1 Section 1. Section 422.8, subsection 1, Code 1983, is
2 amended to read as follows:

3 1. The amount of income tax paid to another state or
4 foreign country by a resident taxpayer of this state on income
5 derived from sources ~~in-another-state-or-foreign-country~~
6 outside of Iowa shall be allowed as a credit against the tax
7 computed under ~~the-provisions-of~~ this chapter, except that
8 the credit shall not exceed what the amount of the Iowa tax
9 would have been on the same income which was taxed by the
10 other state or foreign country. The limitation on this credit
11 shall be computed according to the following formula: Income
12 earned ~~in-another-state-or-country~~ outside of Iowa and taxed
13 by ~~such-other~~ another state or foreign country shall be divided
14 by the total income of the resident taxpayer ~~resident-in~~ of
15 Iowa. ~~Said~~ This quotient multiplied times the net Iowa tax
16 as determined on the total income of the taxpayer as if
17 entirely earned in Iowa shall be the maximum tax credit against
18 the Iowa net tax.

19 Sec. 2. This Act is retroactive to January 1, 1983 for
20 tax years beginning on or after that date.

21 EXPLANATION

22 The bill clarifies the credit allowed a resident taxpayer
23 of Iowa on the taxpayer's Iowa income tax return for income
24 tax paid to another state or foreign country on income earned
25 outside the state of Iowa. This clarification eliminates
26 the possibility of an Iowa resident taxpayer paying taxes
27 to more than one state or country on income earned outside
28 of Iowa.

29 The bill is retroactive to January 1, 1983 for tax years
30 beginning on or after January 1, 1983.

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Sec. 2. This Act is retroactive to January 1, 1983 for tax years beginning on or after that date.

SENATE FILE 288

AN ACT

RELATING TO THE TAX CREDIT ALLOWED IOWA RESIDENT TAXPAYERS FOR INCOME TAXES PAID TO ANOTHER STATE OR FOREIGN COUNTRY ON INCOME EARNED OUTSIDE OF IOWA AND MAKING IT RETROACTIVE.

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

Section 1. Section 422.8, subsection 1, Code 1983, is amended to read as follows:

1. The amount of income tax paid to another state or foreign country by a resident taxpayer of this state on income derived from sources ~~in-another-state-or-foreign-country~~ outside of Iowa shall be allowed as a credit against the tax computed under ~~the-provisions-of~~ this chapter, except that the credit shall not exceed what the amount of the Iowa tax would have been on the same income which was taxed by the other state or foreign country. The limitation on this credit shall be computed according to the following formula: Income earned ~~in-another-state-or-country~~ outside of Iowa and taxed by ~~such-other~~ another state or foreign country shall be divided by the total income of the resident taxpayer ~~resident-in of~~ Iowa. ~~Said~~ This quotient multiplied times the net Iowa tax as determined on the total income of the taxpayer as if entirely earned in Iowa shall be the maximum tax credit against the Iowa net tax.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 288, Seventieth General Assembly.

Approved March 29, 1983

K. MARIE THAYER
Secretary of the Senate

TERRY E. BRANSTAD
Governor

SENATE FILE 288

FISCAL NOTE

REQUESTED BY SENATOR RODGERS

In compliance with a written request there is hereby submitted a Fiscal Note for Senate File 288 pursuant to Joint Rule 17.

Senate File 288 clarifies the credit allowed a resident taxpayer of Iowa on the taxpayer's Iowa income tax return for income tax paid to another state or foreign country on income earned outside the state of Iowa. This clarification eliminates the possibility of an Iowa resident taxpayer paying taxes to more than one state or country on income earned outside of Iowa. The bill is retroactive to January 1, 1983 for tax years beginning on or after January 1, 1983.

Fiscal Effect: While compliance with the present statute is impossible to determine, there would be a slight decrease in revenue since there are not a large number of individuals affected. This annual decrease is estimated at less than \$100,000.

SOURCE: DEPARTMENT OF REVENUE

FILED:
FEBRUARY 22, 1983

BY LEGISLATIVE FISCAL BUREAU
DENNIS C. PROUTY, DIRECTOR