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FILED MAR 7 1986

SENATE FILE 2277
BY COMMITTEE ON WAYS AND MEANS
(formerly SSB 2214)
Approved (p. 624)

Passed Senate, Date 3-11-86 (p. 655) Passed House, Date _____
Vote: Ayes 35 Nays 10 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act to clarify the intended effective date of portions of
2 chapter 239, 1985 Acts, relating to the imposition of a tax on
3 payments received by a nonprofit health service corporation
4 for subscriber contracts.

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

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S.F. 2277

1 Section 1. 1985 Iowa Acts, chapter 239, is amended by
2 adding the following new section:

3 SEC. 10. Sections 1 and 3 of this Act are effective
4 retroactive to January 1, 1985.

5 Sec. 2. It is the intent of the general assembly in
6 enacting this Act to clarify the effective date of 1985 Iowa
7 Acts, chapter 239, sections 1 and 3, in accordance with its
8 original intent in enacting chapter 239 rather than to change
9 the meaning or the effective date of those sections.

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EXPLANATION

11 This bill is intended to clarify that sections 1 and 3 of
12 chapter 239, 1985 Iowa Acts (House File 570), relating to the
13 taxation of payments received by a nonprofit health service
14 corporation (Blue Cross-Blue Shield) for subscriber contracts,
15 was intended to be effective January 1, 1985.

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S-5300

1 Amend Senate File 2277 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. The tax imposed by 1985 Iowa Acts,
5 chapter 239, section 1, shall be applied to applicable
6 subscriber contract payments received during the
7 calendar year January 1, 1985, through December 31,
8 1985, and all subsequent years.

9 Sec. 2. The amendment to section 514.15 enacted in
10 1985 Iowa Acts, chapter 239, section 3, shall be
11 effective to repeal the subscriber contract tax
12 formerly provided by that section effective for
13 subscriber contracts issued on and after January 1,
14 1985.

15 Sec. 3. This Act shall be given such retroactive
16 effect as may be necessary to effectuate a subscriber
17 contract payment tax as provided under section 432.2
18 for the full calendar year 1985 and all subsequent
19 years as well as to effectuate the repeal of the
20 subscriber contract tax otherwise imposed by section
21 514.15 for calendar year 1985 and all subsequent
22 years.

23 Sec. 4. It is the intent of the general assembly
24 in enacting this Act to clarify the effective date of
25 chapter 239, sections 1 and 3, 1985 Iowa Acts rather
26 than to change the meaning or the effective date of
27 those sections.

28 Sec. 5. This Act, being deemed of immediate
29 importance, takes effect from and after its
30 publication in The Nevada Evening Journal, a newspaper
31 published in Nevada, Iowa, and in The Cedar Rapids
32 Gazette, a newspaper published in Cedar Rapids, Iowa."

33 2. Title page, line 4, by inserting after the
34 word "contracts" the following: "and providing an
35 effective date".

S-5300 Filed March 11, 1986

BY BRUNER

Adopted 3/11 (p 655)

SENATE FILE **2277**
BY COMMITTEE ON WAYS AND MEANS

(AS AMENDED AND PASSED BY THE SENATE MARCH 11, 1986)

ALL New Language by the Senate

Passed Senate, Date _____ Passed House, Date 4-7-86 (p. 1272)
Vote: Ayes _____ Nays _____ Vote: Ayes 67 Nays 29
Approved April 16, 1986 (p. 1264)

A BILL FOR

- 1 An Act to clarify the intended effective date of portions of
- 2 chapter 239, 1985 Acts, relating to the imposition of a tax on
- 3 payments received by a nonprofit health service corporation
- 4 for subscriber contracts and providing an effective date.
- 5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

FISCAL NOTE TO
SENATE FILE 2277

REQ. BY BRUNER

In compliance with a written request received March 10, 1986, a fiscal note for SENATE FILE 2277 AS AMENDED AND PASSED BY THE SENATE is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2277 as amended by Senate Amendment S-5300 clarifies the effective date of sections 1 and 3 of Chapter 239, 1985 Iowa Acts (House File 570) relating to the taxation of payments received by a nonprofit health service corporation (Blue Cross and Blue Shield).

FISCAL EFFECT: Chapter 239 imposes a two percent (2%) tax on Blue Cross and Blue Shield applicable to the gross amount of payments received during the previous calendar year for subscriber contracts covering residents in this state. The original estimate made during the 1985 session indicated that the tax would increase General Fund revenues by \$11 million for fiscal year 1986.

The effect of Senate File 2277 as amended is to clarify the intent of the General Assembly such that all payments received during calendar year 1985 are subject to tax rather than payments received on or after July 1, 1985 (the effective date of House File 570). As a result, Blue Cross and Blue Shield would be required to pay \$11 million, rather than \$5.5 million, in taxes in fiscal year 1986.

SOURCES: Insurance Department, Attorney General's Office (LSB 8288S, RJH)

Filed March 17, 1986 by the Sec. of the Senate DENNIS C. PROUTY, DIRECTOR
LEGISLATIVE FISCAL BUREAU

1 Section 1. The tax imposed by 1985 Iowa Acts, chapter 239,
2 section 1, shall be applied to applicable subscriber contract
3 payments received during the calendar year January 1, 1985,
4 through December 31, 1985, and all subsequent years.

5 Sec. 2. The amendment to section 514.15 enacted in 1985
6 Iowa Acts, chapter 239, section 3, shall be effective to
7 repeal the subscriber contract tax formerly provided by that
8 section effective for subscriber contracts issued on and after
9 January 1, 1985.

10 Sec. 3. This Act shall be given such retroactive effect as
11 may be necessary to effectuate a subscriber contract payment
12 tax as provided under section 432.2 for the full calendar year
13 1985 and all subsequent years as well as to effectuate the
14 repeal of the subscriber contract tax otherwise imposed by
15 section 514.15 for calendar year 1985 and all subsequent
16 years.

17 Sec. 4. It is the intent of the general assembly in
18 enacting this Act to clarify the effective date of chapter
19 239, sections 1 and 3, 1985 Iowa Acts rather than to change
20 the meaning or the effective date of those sections.

21 Sec. 5. This Act, being deemed of immediate importance,
22 takes effect from and after its publication in The Nevada
23 Evening Journal, a newspaper published in Nevada, Iowa, and in
24 The Cedar Rapids Gazette, a newspaper published in Cedar
25 Rapids, Iowa.

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SENATE FILE 2277

AN ACT

TO CLARIFY THE INTENDED EFFECTIVE DATE OF PORTIONS OF CHAPTER 239, 1985 IOWA ACTS, RELATING TO THE IMPOSITION OF A TAX ON PAYMENTS RECEIVED BY A NONPROFIT HEALTH SERVICE CORPORATION FOR SUBSCRIBER CONTRACTS AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. The tax imposed by 1985 Iowa Acts, chapter 239, section 1, shall be applied to applicable subscriber contract payments received during the calendar year January 1, 1985, through December 31, 1985, and all subsequent years.

Sec. 2. The amendment to section 514.15 enacted in 1985 Iowa Acts, chapter 239, section 3, shall be effective to repeal the subscriber contract tax formerly provided by that section effective for subscriber contracts issued on and after January 1, 1985.

Sec. 3. This Act shall be given such retroactive effect as may be necessary to effectuate a subscriber contract payment tax as provided under section 432.2 for the full calendar year 1985 and all subsequent years as well as to effectuate the repeal of the subscriber contract tax otherwise imposed by section 514.15 for calendar year 1985 and all subsequent years.

Sec. 4. It is the intent of the general assembly in enacting this Act to clarify the effective date of chapter 239, sections 1 and 3, 1985 Iowa Acts rather than to change the meaning or the effective date of those sections.

Sec. 5. This Act, being deemed of immediate importance, takes effect from and after its publication in The Nevada Evening Journal, a newspaper published in Nevada, Iowa, and in

The Cedar Rapids Gazette, a newspaper published in Cedar Rapids, Iowa.

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 2277, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved April 16, 1986

TERRY E. BRANSTAD
Governor

S.F. 2277