

FILED JAN 20 1988

SENATE FILE 2058
BY SCOTT AND BOSWELL

Passed Senate, Date 1/29/88 (p. 1601) Passed House, Date 4/8/88 (p. 1601)
Vote: Ayes 46 Nays 0 Vote: Ayes 96 Nays 0
Approved May 4, 1988

A BILL FOR

1 An Act exempting the withholding agent from the requirement to
2 withhold state income taxes from payments made to a
3 nonresident owner of agricultural land in the state, if the
4 payments are from the sale of agricultural commodities and the
5 withholding agent submits needed information.

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

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SF 2058

1 Section 1. Section 422.16, subsection 12, Code Supplement
2 1987, is amended by adding the following new unnumbered
3 paragraph:

4 NEW UNNUMBERED PARAGRAPH. Notwithstanding this subsection,
5 the withholding agent is not subject to the requirement to
6 withhold state income taxes from payments made to a
7 nonresident owner of agricultural land in the state if the
8 payments are from the sale of grain, livestock, or other
9 agricultural commodities by or on behalf of the nonresident,
10 and if the withholding agent submits on forms designated by
11 the department the information relating to the sale required
12 by the department for determining the nonresident's state tax
13 liability.

14 EXPLANATION

15 The bill exempts the withholding agent from the requirement
16 to withhold state income taxes from payments made to a
17 nonresident who owns Iowa farmland if the payments are from
18 the sale of farm products by the nonresident and if the
19 withholding agent submits information relating to the sale to
20 the department of revenue and finance.

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S-5099

1 Amend Senate File 2058 as follows:

2 1. Page 1, by striking lines 4 through 13 and
3 inserting the following:4 "NEW UNNUMBERED PARAGRAPH. Notwithstanding this
5 subsection, withholding agents are not required to
6 withhold state income tax from payments subject to
7 taxation made to nonresidents for commodity credit
8 certificates, grain, livestock, domestic fowl, or
9 other agricultural commodities or products sold to the
10 withholding agents by the nonresidents or their
11 representatives, if the withholding agents provide on
12 forms prescribed by the department information
13 relating to the sales required by the department to
14 determine the state income tax liabilities of the
15 nonresidents.16 Sec. ____ . This Act is retroactive to January 1,
17 1985, for payments made to nonresidents on or after
18 January 1, 1985.19 Sec. ____ . This Act, being deemed of immediate
20 importance, takes effect upon enactment."21 2. Title page, by striking lines 3 and 4 and
22 inserting the following: "nonresident, if the
23 payments are from the sale of federal commodity
24 certificates or agricultural commodities or products
25 and the".

S-5099

Filed February 18, 1988

*W. J. Scott 2/29/88 (p. 551)*BY COMMITTEE ON WAYS AND MEANS
CHARLES BRUNER, Chairperson

STATE OF IOWA

FISCAL NOTE

LSB No. 4707S

Staff ID. PDD

REQ. BY SENATOR SCOTT

SENATE FILE 2058

In compliance with a written request received January 19, 1988, a fiscal note for SENATE FILE 2058 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.

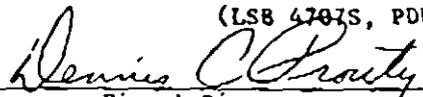
SENATE FILE 2058 exempts withholding agents from withholding state income taxes from payments to a nonresident owner of Iowa agricultural land provided that (a) payments are from sales of grain, livestock or other agricultural commodities made by or on behalf of the nonresident owner, and (b) the withholding agent submits information relating to the sale to the Department of Revenue and Finance. The Department will use this information in determining state income tax liability of the nonresident owner.

FISCAL EFFECT

General Fund revenues are expected to increase by an unknown amount under the bill. The increase will be due to greater compliance with Iowa income tax payment among nonresident owners of agricultural land selling agricultural commodities. The greater compliance is expected to result from the Department of Revenue and Finance having better information from the forms completed by the withholding agents.

Source: Department of Revenue and Finance

(LSB 4707S, PDD)



Fiscal Director

Legislative Fiscal Bureau

Date: 2/23/88

1 Section 1. Section 422.16, subsection 12, Code Supplement
2 1987, is amended by adding the following new unnumbered
3 paragraph:

4 NEW UNNUMBERED PARAGRAPH. Notwithstanding this subsection,
5 withholding agents are not required to withhold state income
6 tax from payments subject to taxation made to nonresidents for
7 commodity credit certificates, grain, livestock, domestic
8 fowl, or other agricultural commodities or products sold to
9 the withholding agents by the nonresidents or their
10 representatives, if the withholding agents provide on forms
11 prescribed by the department information relating to the sales
12 required by the department to determine the state income tax
13 liabilities of the nonresidents.

14 Sec. 2. This Act is retroactive to January 1, 1985, for
15 payments made to nonresidents on or after January 1, 1985.

16 Sec. 3. This Act, being deemed of immediate importance,
17 takes effect upon enactment.

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HOUSE AMENDMENT TO
SENATE FILE 2058

S-5937

1 Amend Senate File 2058, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Title page, line 5, by inserting after the
4 word "information" the following: "and providing for
5 retroactive applicability and an effective date".

S-5937

Filed April 12, 1988 ADOPTED

RECEIVED FROM THE HOUSE

Senate concurred 4/12 (p. 1476)

Sec. 3. This Act, being deemed of immediate importance, takes effect upon enactment.

SENATE FILE 2058

AN ACT

EXEMPTING THE WITHHOLDING AGENT FROM THE REQUIREMENT TO WITHHOLD STATE INCOME TAXES FROM PAYMENTS MADE TO A NONRESIDENT, IF THE PAYMENTS ARE FROM THE SALE OF FEDERAL COMMODITY CERTIFICATES OR AGRICULTURAL COMMODITIES OR PRODUCTS AND THE WITHHOLDING AGENT SUBMITS NEEDED INFORMATION AND PROVIDING FOR RETROACTIVE APPLICABILITY AND AN EFFECTIVE DATE.

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

Section 1. Section 422.16, subsection 12, Code Supplement 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding this subsection, withholding agents are not required to withhold state income tax from payments subject to taxation made to nonresidents for commodity credit certificates, grain, livestock, domestic fowl, or other agricultural commodities or products sold to the withholding agents by the nonresidents or their representatives, if the withholding agents provide on forms prescribed by the department information relating to the sales required by the department to determine the state income tax liabilities of the nonresidents.

Sec. 2. This Act is retroactive to January 1, 1985, for payments made to nonresidents on or after January 1, 1985.

JO ANN ZIMMERMAN
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 2058, Seventy-second General Assembly.

JOHN P. DAYER
Secretary of the Senate

Approved  _____, 1988

TERRY E. BRANSTAD
Governor

SF 2058