

Ways & Means

FILED APR 16 1988

SENATE FILE 2343
BY COMMITTEE ON WAYS AND MEANS
(formerly SSB 2279)
None available

Passed Senate, Date 4/16/88 (p. 1743) Passed House, Date _____
Vote: Ayes 34 Nays 8 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to tax administration matters in section 99D.8
2 and section 421.17, subsection 23, paragraphs "e" and "g".
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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SENATE FILE 2343

S-6110

1 Amend Senate File 2343 as follows:
2 1. Page 2, by inserting after line 3 the
3 following:
4 "Sec. 3. Section 99D.12, Code 1987, is amended by
5 adding the following new unnumbered paragraph:
6 NEW UNNUMBERED PARAGRAPH. Purse supplements shall
7 be distributed to the owners of Iowa-foaled horses in
8 the manner described in section 99D.22, by the race
9 track licensee, during the race meet in which the
10 supplements are earned. Not more than five percent of
11 the purse supplements shall be carried over."
12 2. Title page, by striking lines 1 and 2 and
13 inserting the following: "An Act relating to the
14 management of fiscal matters by providing for tax
15 administration and the distribution of moneys from
16 race purses."

SE 2343

S-6110
Filed April 17, 1988 OUT OF ORDER BY LEONARD BOSWELL
(p. 1743) JOHN A. PETERSON

1 Section 1. Section 99D.8, Code 1987, is amended by
2 striking the section and inserting in lieu thereof the
3 following:

4 99D.8 HORSE OR DOG RACING LICENSES -- APPLICATIONS.

5 A qualifying organization, as defined in section
6 513(d)(2)(C) of the Internal Revenue Code, as defined in
7 section 422.3, exempt from federal income taxation under
8 sections 501(c)(3), 501(c)(4), or 501(c)(5) of the Internal
9 Revenue Code, which is organized to promote those purposes
10 enumerated in section 99B.7, subsection 3, paragraph "b", and
11 which regularly conducts, as one of its substantial exempt
12 purposes, an agricultural and educational fair or exposition
13 for the promotion of the horse, dog, or other livestock
14 breeding industries of the state, or an agency,
15 instrumentality, or political subdivision of the state, may
16 apply to the commission for a license to conduct horse or dog
17 racing. The application shall be filed with the administrator
18 of the commission at least sixty days before the first day of
19 the horse race or dog race meeting which the organization
20 proposes to conduct, shall specify the day or days when and
21 the exact location where it proposes to conduct racing, and
22 shall be in a form and contain information as the commission
23 prescribes.

24 If any part of the net income of a licensee is determined
25 to be unrelated business taxable income as defined in sections
26 511 through 514 of the Internal Revenue Code, the qualifying
27 organization shall be required to distribute the amount of net
28 unrelated business taxable income to political subdivisions in
29 the state and organizations described in section 501(c)(3) of
30 the Internal Revenue Code in the county in which it operates.
31 Distributions to these organizations made during the year in
32 which the unrelated business income was earned shall be
33 treated as included in the required distributions for this
34 purpose.

35 An organization which meets the requirements of this

1 section, as amended, on or before July 1, 1988, shall be
2 considered to have met the requirements of this section on the
3 date that its initial application was originally filed.

4 Sec. 2. Section 421.17, subsection 23, paragraphs e and g,
5 Code Supplement 1987, are amended to read as follows:

6 | e. Upon notice of entitlement to a refund or rebate, the
7 college aid commission or its servicer shall send written
8 notification to the defaulter, and a copy of the notice to the
9 department of revenue and finance, of the commission's
10 assertion of its rights to all or a portion of the defaulter's
11 refund or rebate and the entitlement to recover the amount of
12 the default through the setoff procedure, the basis of the
13 assertion, the defaulter's opportunity to request that a joint
14 income tax refund or rebate be divided between spouses, the
15 defaulter's opportunity to give written notice of intent to
16 contest the claim, and the fact that failure to contest the
17 claim by written application for a hearing before a specified
18 date will result in a waiver of the opportunity to contest the
19 claim, causing final setoff by default. Upon application, the
20 commission shall grant a hearing pursuant to chapter 17A. An
21 appeal taken from the decision of a hearing officer and any
22 subsequent appeals shall be taken pursuant to chapter 17A.

23 g. The department of revenue and finance shall, after
24 notice has been sent to the defaulter by the college aid
25 commission or its servicer, set off the amount of the default
26 against the defaulter's income tax refund or rebate if both
27 the amount of the default and the refund or rebate are at
28 least fifty dollars. The department shall refund any balance
29 of the income tax refund or rebate to the defaulter. The
30 department of revenue and finance shall periodically transfer
31 the amount set off to the college aid commission. If the
32 defaulter gives written notice of intent to contest the claim,
33 the commission shall hold the refund or rebate until final
34 disposition of the contested claim pursuant to chapter 17A or
35 by court judgment. The commission shall notify the defaulter

1 in writing upon completion of setoff.

2 EXPLANATION

3 The bill makes more specific the definition of a qualifying
4 nonprofit corporation for purposes of horse and dog racing
5 licenses by using the definition in the Internal Revenue Code
6 and clarifies that notices of refunds and rebates of taxpayers
7 who are in debt to the college aid commission may be provided
8 to a company that services loans of the college aid commission
9 to aid in the repayment of the loans.

10 SUCCESSOR TO LSB 8511SC

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