

CHAPTER 229
FUNERAL INSURANCE
S.F. 521

AN ACT relating to insurance trade practices and providing penalties.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 507B.4, subsection 1, Code 1985, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. i. Misrepresents any insurance policy to consumers by using the terms "burial insurance", "funeral insurance", "burial plan", or "funeral plan" in its names or titles, unless the policy is made with a funeral provider as beneficiary who specifies and fixes a price under contract with an insurance company. This paragraph does not prevent insurers from stating or advertising that insurance benefits may provide cash for funeral or burial expenses.

Approved May 30, 1985

CHAPTER 230
TECHNICAL TAX CORRECTIONS
S.F. 561

AN ACT relating to taxation by updating references to the Internal Revenue Code; providing for a refund of individual income tax for the 1979 tax year resulting from the inclusion of unemployment benefits; making technical corrections to the individual and corporate income tax concerning the credit for increasing research activities in the state; eliminating the requirement that the election campaign fund and fish and game protection fund checkoffs be on the face of the return immediately above the signature line; providing a due date of corporate income tax and franchise tax returns under certain conditions; allowing for the destruction of all useless records and reports and other papers filed by taxpayers after certain periods of time after the filing of these reports with the department of revenue; providing for a refund of individual income tax where the taxpayer died after November 17, 1978 as a result of wounds or injury incurred due to military or terroristic action outside the United States; making technical corrections to the inheritance tax concerning the taxation of gifts made within three years of death; and providing effective dates.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 56.18, subsection 1, Code 1985, is amended to read as follows:

1. Any person whose state income tax liability for any taxable year is one dollar or more

may direct that one dollar of such liability be paid over to the Iowa election campaign fund when submitting the person's state income tax return to the department of revenue. In the case of a joint return of husband and wife having a state income tax liability of two dollars or more, each spouse may direct that one dollar be paid to the fund. The director of revenue shall ~~revise draft~~ the income tax form to provide spaces on the face of the tax return and immediately above the signature lines which the taxpayer may use to designate that contributions made under this section be credited to a specified political party as defined by section 43.2, or to the Iowa election campaign fund as a contribution to be shared by all such political parties in the manner prescribed by section 56.19. The form shall inform the taxpayer of the consequences of the choices provided under this section, but this information may be contained in a footnote or other suitable form if the director of revenue finds it is not feasible to place the information immediately above the signature line.

Sec. 2. Section 107.16, unnumbered paragraph 3, Code 1985, is amended to read as follows:

The director of revenue shall ~~revise draft~~ the income tax form to allow the designation of contributions to the state fish and game protection fund on the face of the tax return and above the signature lines.

Sec. 3. Section 422.3, subsection 5, Code 1985, is amended to read as follows:

5. "Internal Revenue Code of 1954" means the Internal Revenue Code of 1954, as amended to and including January 1, 1984 1985.

Sec. 4. Section 422.7, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 20. Subtract the unemployment compensation benefits for tax years beginning on January 1, 1979 to the extent those benefits had been included in net income on a return filed before January 1, 1981 and were excluded from income under Act section 1075 of the Tax Reform Act of 1984. Notwithstanding the statute of limitations specified in section 422.73, subsection 2, taxpayers who would be barred from claiming a refund or credit from an overpayment resulting from the change made by Act section 1075 of the Tax Reform Act of 1984 are entitled to receive a refund or credit if they file a claim with the department on or before June 30, 1986.

Sec. 5. Section 422.10, unnumbered paragraph 1, Code 1985, is amended to read as follows:

The taxes imposed under this division shall be reduced by a state tax credit for increasing research activities in this state. For individuals, the credit shall equal six and one-half percent of the state's apportioned share of the qualifying expenditures for increasing research activities. The state's apportioned share of the qualifying expenditures for increasing research activities is a percent equal to the ratio of qualified research expenditures in this state to total qualified research expenditures. For purposes of this section, an individual may claim a research credit for qualifying research expenditures incurred by a partnership, subchapter S corporation, and estate or trust electing to have the income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of a partnership, subchapter S corporation, or estate or trust. For purposes of this section, "qualifying expenditures for increasing research activities" means the qualifying expenditures as defined for the federal credit for increasing research activities computed under section 30 of the Internal Revenue Code of 1954, as amended to and including January 1, 1983. The research activities credit is applicable for taxable years beginning after December 31, 1985 to the same extent that the credit is applicable for federal income tax purposes for taxable years beginning after December 31, 1985.

Sec. 6. Section 422.21, unnumbered paragraph 1, Code 1985, is amended to read as follows:

Returns shall be in ~~such~~ the form as the director may, from time to time, prescribe, and shall be filed with the department on or before the last day of the fourth month after the expiration of the tax year except that co-operative associations as defined in section 6072(d) of the Internal Revenue Code of 1954 shall file their returns on or before the fifteenth day of the ninth month following the close of the taxable year. If, under the Internal Revenue Code of 1954, a corporation is required to file a return covering a tax period of less than twelve months, the state return shall be for the same period and shall be due forty-five days after the due date of the federal tax return, excluding any extension of time to file. In case of sickness, absence, or other disability, or ~~whenever~~ if good cause exists, the director may allow further time for filing returns. The director shall cause to be prepared blank forms for ~~said~~ the returns and shall cause them to be distributed throughout the state and to be furnished upon application, but failure to receive or secure the form shall does not relieve the taxpayer from the ~~obligations~~ obligation of making ~~any~~ a return ~~herein~~ that is required. The department may as far as consistent with the provisions of the Code ~~so~~ draft income tax forms as to conform to the income tax forms of the internal revenue department of the United States government. Each return by a taxpayer upon whom a tax is imposed by section 422.5, subsection 7, shall show the county of the residence of the taxpayer.

Sec. 7. Section 422.33, subsection 5, unnumbered paragraph 1, Code 1985, is amended to read as follows:

The taxes imposed under this division shall be reduced by a state tax credit for increasing research activities in this state equal to six and one-half percent of the state's apportioned share of the qualifying expenditures for increasing research activities. The state's apportioned share of the qualifying expenditures for increasing research activities is a percent equal to the ratio of qualified research expenditures in this state to the total qualified research expenditures. For purposes of this subsection, "qualifying expenditures for increasing research activities" means the qualifying expenditures as defined for the federal credit for increasing research activities computed under section 30 of the Internal Revenue Code of 1954, as amended to and including January 1, 1983. The research activities credit is applicable for taxable years beginning after December 31, 1985 to the same extent that the credit is applicable for federal income tax purposes for taxable years beginning after December 31, 1985.

Sec. 8. Section 422.61, subsection 2, Code 1985, is amended to read as follows:

2. "Taxable year" means the calendar year or the fiscal year ending during a calendar year, for which the tax is payable. "Fiscal year" includes a tax period of less than twelve months if, under the Internal Revenue Code of 1954, a corporation is required to file a tax return covering a tax period of less than twelve months.

Sec. 9. Section 422.62, Code 1985, is amended to read as follows:

422.62 WHEN DUE.

The franchise tax is due and payable on the first day following the end of the taxable year of each financial institution, and is delinquent after the last day of the fourth month following the due date or forty-five days after the due date of the federal tax return, excluding extensions of time to file, whichever is the later. Every financial institution shall file a return as prescribed by the director on or before the delinquency date. ~~The provisions of this~~ This section shall become is effective for all taxable years ending on or after January 1, 1970. As to fiscal years ending prior to May 9, 1970, the time for filing a return is extended to the last day of the fourth month following ~~such~~ that date.

Sec. 10. Section 422.68, subsection 3, Code 1985, is amended to read as follows:

3. The director shall have the power to may destroy any and all useless records and all returns, reports, and communications of any taxpayer filed with or kept by the department after ~~such~~ those returns, records, reports, or communications shall have been in the custody of the department for a period of not less than ~~five~~ three years, ~~provided, however, or such time as the director prescribes by rule.~~ However, after the accounts of any a person shall have been examined by the director and the amount of tax and penalty due shall have been finally determined, then the director may order the destruction of any records previously filed by ~~such~~ that taxpayer, notwithstanding the fact that ~~such~~ those records shall have been in the custody of the department for a period less than ~~five~~ three years. ~~Such~~ These records and documents shall be destroyed in ~~such~~ the manner as shall be prescribed by the director.

Sec. 11. Section 422.73, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. Notwithstanding subsection 2, a claim for credit or refund of the income tax paid is considered timely if the claim is filed with the department on or before June 30, 1986, if the taxpayer's federal income tax was forgiven under section 692(c) of the Internal Revenue Code of 1954 because the taxpayer died after November 17, 1978 as a result of wounds or injury incurred due to military or terroristic action outside the United States. To the extent the federal income tax was forgiven under section 692(c) of the Internal Revenue Code of 1954 for the tax year, the Iowa income tax is also forgiven.

Sec. 12. Section 450.3, subsection 2, Code 1985, is amended to read as follows:

2. By deed, grant, sale, gift or transfer made within three years of the death of the grantor or donor, which is not a bona fide sale for an adequate and full consideration in money or money's worth and which is in excess of the annual gift tax exclusion allowable for each donee under section 2503, subsections a b and e of the Internal Revenue Code of 1954 as defined in section 422.3. If both spouses consent, a gift made by one spouse to a person who is not the other spouse is considered, for the purposes of this subsection, as made one half by each spouse under the same terms and conditions provided for in section 2513 of the Internal Revenue Code of 1954 as defined in section 422.3.

Sec. 13. Section 3 of this Act is retroactive to January 1, 1984 for tax years beginning on or after that date.

Sec. 14. Sections 1, 2, 5, 6, 7, 8, and 9 of this Act are retroactive to January 1, 1985 for tax years beginning on or after that date.

Sec. 15. Section 12 of this Act is retroactive to July 1, 1984 for estates of persons dying on or after that date.

Sec. 16. This Act, being deemed of immediate importance, takes effect from and after its publication in the Dallas County News, a newspaper published in Adel, Iowa, and in The Lamoni Chronicle, a newspaper published in Lamoni, Iowa.

Approved May 30, 1985

I hereby certify that the foregoing Act was published in the Dallas County News, Adel, Iowa on June 6, 1985 and in The Lamoni Chronicle, Lamoni, Iowa on June 12, 1985.

MARY JANE ODELL, *Secretary of State*