

the gross wages paid to the employees covered by the agreement, then the employer shall receive a credit against other withholding taxes due by the employer. The employer shall remit the amount of the credit quarterly in the same manner as withholding payments are reported to the department of revenue and finance, to the quad cities regional economic development authority to be allocated to and when collected paid into a special fund of the authority to pay the principal of and interest on the bonds issued to finance in whole or in part, the project. When the principal and interest on the bonds have been paid, the employer credits shall cease and any money received after the bonds have been paid shall be remitted to the treasurer of state to be deposited in the general fund of the state.

c. The new jobs credit from withholding and the special fund into which it is paid, may be irrevocably pledged by the authority for the payment of the principal of and interest on the bonds issued to finance, in whole or in part, the federal project.

d. The employer shall certify to the department of revenue and finance that the credit in withholding is in accordance with an agreement and shall provide other information the department may require.

e. The authority shall certify to the department of revenue and finance the amount of the new jobs credit from withholding an employer has remitted to the special fund and shall provide other information the department may require.

f. An employee at the federal project shall receive full credit for the amount withheld as provided in section 422.16.

4. This section is repealed January 1, 1996, unless an agreement to provide for a new jobs credit from withholding under this section is entered into prior to that date.

Approved May 26, 1992

CHAPTER 1224

INTERSTATE INCOME TAX AGREEMENTS

H.F. 2483

AN ACT relating to interstate income tax agreements and the withholding of income tax from or the reporting of pensions, annuities, or deferred compensation paid to nonresidents and providing effective and retroactive applicability provisions.

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

Section 1. Section 422.8, subsection 2, Code 1991, is amended to read as follows:

2. Nonresident's net income allocated to Iowa is the net income, or portion thereof, which is derived from a business, trade, profession, or occupation carried on within this state or income from any property, trust, estate, or other source within Iowa. If a business, trade, profession, or occupation is carried on partly within and partly without the state, only the portion of the net income which is fairly and equitably attributable to that part of the business, trade, profession, or occupation carried on within the state is allocated to Iowa for purposes of section 422.5, subsection 1, paragraph "j" and section 422.13 and income from any property, trust, estate, or other source partly within and partly without the state is allocated to Iowa in the same manner, except that annuities, interest on bank deposits and interest-bearing obligations, and dividends are allocated to Iowa only to the extent to which they are derived from a business, trade, profession, or occupation carried on within the state. ~~However, income received by an individual who is a resident of another state is not allocated to Iowa if the income is subject to an income tax imposed by the state where the individual resides, and if the state of residence allows a similar exclusion for income received in that state by residents of Iowa. In order~~

to implement the exclusions, the director shall designate by rule the states which allow a similar exclusion for income received by residents of Iowa, and may enter into agreements with other states to provide that similar exclusions will be allowed, and to provide suitable withholding requirements in each state.

Sec. 2. Section 422.8, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 5. The director may, when cost-efficient, administratively feasible, and of mutual benefit to both states, enter into reciprocal agreements with tax administration agencies of other states to further tax administration and eliminate duplicate withholding by exempting from Iowa taxation income earned from personal services in Iowa by residents of another state, if the other state provides a tax exemption for the same type of income earned from personal services by Iowa residents in the other state. For purposes of this subsection, "income earned from personal services" means wages, salaries, commissions, and tips, and earned income from other sources. This subsection does not authorize the department to withhold taxes on deferred compensation payments, pension distributions, and annuity payments when paid to a nonresident of the state of Iowa. All the terms of the agreements shall be described in the rules adopted by the department.

Sec. 3. Section 422.15, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Notwithstanding subsections 1, 2, and 3, or any other provision of this chapter, withholding of income tax and any reporting requirement shall not be imposed upon a person, corporation, or withholding agent or any payor of deferred compensation, pensions, or annuities with regard to such payments made to a nonresident of the state.

Sec. 4. This Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to January 1, 1992, for tax years beginning on or after that date.

Approved May 26, 1992

CHAPTER 1225

TAXATION OF SPECULATIVE SHELL BUILDINGS

H.F. 2484

AN ACT relating to speculative shell buildings by allowing a for-profit entity to receive a property tax exemption for the building under certain circumstances and allowing accelerated depreciation of the building for income tax purposes and providing applicability date provisions.

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

Section 1. Section 422.7, Code Supplement 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 26. Add depreciation taken for federal income tax purposes on a speculative shell building defined in section 427.1, subsection 41 which is owned by a for-profit entity and the for-profit entity is receiving the proper tax exemption. Subtract depreciation computed as if the speculative shell building were classified as fifteen-year property under the accelerated cost recovery system of the Internal Revenue Code during the period during which it is owned by the for-profit entity and is receiving the property tax exemption. However, this subsection does not apply to a speculative shell building which is used by the for-profit entity, subsidiary of the for-profit entity, or majority owners of the for-profit entity, for other than as a speculative shell building, as defined in section 427.1, subsection 41.