

House Amendment 2049

Amendment Text

PAG LIN

1 1 Amend [House File 757](#) as follows:
1 2 #1. Page 1, by inserting before line 1 the
1 3 following:
1 4 "DIVISION I
1 5 FEDERAL REBATES"
1 6 #2. Page 1, line 13, by inserting after the word
1 7 "This" the following: "division of this".
1 8 #3. Page 1, by inserting after line 15 the
1 9 following:
1 10 "DIVISION II
1 11 FEDERAL DEDUCTIBILITY
1 12 Sec. _____. Section [422.4](#), subsection 1, paragraphs b
1 13 and c, Code 2001, are amended to read as follows:
1 14 b. "Cumulative inflation factor" means the product
1 15 of the annual inflation factor for the

~~1988~~

- 2002

1 16 calendar year and all annual inflation factors for
1 17 subsequent calendar years as determined pursuant to
1 18 this subsection. The cumulative inflation factor
1 19 applies to all tax years beginning on or after January
1 20 1 of the calendar year for which the latest annual
1 21 inflation factor has been determined.
1 22 c. The annual inflation factor for the

~~1988~~

- 2002

1 23 calendar year is one hundred percent.
1 24 Sec. _____. Section [422.5](#), subsection 1, paragraphs
1 25 a through i, Code 2001, are amended by striking the
1 26 paragraphs and inserting in lieu thereof the
1 27 following:
1 28 a. On all taxable income from zero through eight
1 29 thousand dollars, one and eighty-five hundredths
1 30 percent.
1 31 b. On all taxable income exceeding eight thousand
1 32 dollars but not exceeding forty thousand dollars, five
1 33 and three-tenths percent.
1 34 c. On all taxable income exceeding forty thousand
1 35 dollars but not exceeding sixty thousand dollars, six
1 36 and thirty-five hundredths percent.
1 37 d. On all taxable income exceeding sixty thousand
1 38 dollars, six and six-tenths percent.
1 39 Sec. _____. Section [422.5](#), subsection 1, paragraph
1 40 j, Code 2001, is amended to read as follows:
1 41

~~j.~~

- e. (1) The tax imposed upon the taxable
1 42 income of a nonresident shall be computed by reducing
1 43 the amount determined pursuant to paragraphs "a"
1 44 through

~~"i"~~

- d by the amounts of nonrefundable
1 45 credits under this division and by multiplying this

1 46 resulting amount by a fraction of which the
1 47 nonresident's net income allocated to Iowa, as
1 48 determined in section 422.8, subsection 2, paragraph
1 49 "a", is the numerator and the nonresident's total net
1 50 income computed under section 422.7 is the
2 1 denominator. This provision also applies to
2 2 individuals who are residents of Iowa for less than
2 3 the entire tax year.
2 4 (2) The tax imposed upon the taxable income of a
2 5 resident shareholder in an S corporation which has in
2 6 effect for the tax year an election under subchapter S
2 7 of the Internal Revenue Code and carries on business
2 8 within and without the state may be computed by
2 9 reducing the amount determined pursuant to paragraphs
2 10 "a" through

"i"

- "d" by the amounts of nonrefundable
2 11 credits under this division and by multiplying this
2 12 resulting amount by a fraction of which the resident's
2 13 net income allocated to Iowa, as determined in section
2 14 422.8, subsection 2, paragraph "b", is the numerator
2 15 and the resident's total net income computed under
2 16 section 422.7 is the denominator. If a resident
2 17 shareholder has elected to take advantage of this
2 18 subparagraph, and for the next tax year elects not to
2 19 take advantage of this subparagraph, the resident
2 20 shareholder shall not reelect to take advantage of
2 21 this subparagraph for the three tax years immediately
2 22 following the first tax year for which the shareholder
2 23 elected not to take advantage of this subparagraph,
2 24 unless the director consents to the reelection. This
2 25 subparagraph also applies to individuals who are
2 26 residents of Iowa for less than the entire tax year.
2 27 This subparagraph shall not affect the amount of
2 28 the taxpayer's checkoff to the Iowa election campaign
2 29 fund under section 56.18, the checkoff for the fish
2 30 and game fund in section 456A.16, the credits from tax
2 31 provided in sections 422.10, 422.11A, and 422.12 and
2 32 the allocation of these credits between spouses if the
2 33 taxpayers filed separate returns or separately on
2 34 combined returns.
2 35 Sec. _____. Section 422.5, subsection 1, paragraph
2 36 k, Code 2001, is amended by relettering the paragraph
2 37 as paragraph f.
2 38 Sec. _____. Section 422.5, subsection 1, paragraph
2 39 k, unnumbered paragraph 1, Code 2001, is amended to
2 40 read as follows:
2 41 There is imposed upon every resident and
2 42 nonresident of this state, including estates and
2 43 trusts, the greater of the tax determined in
2 44 paragraphs "a" through

"j"

- "e" or the state
2 45 alternative minimum tax equal to seventy-five percent
2 46 of the maximum state individual income tax rate for
2 47 the tax year, rounded to the nearest one-tenth of one
2 48 percent, of the state alternative minimum taxable
2 49 income of the taxpayer as computed under this
2 50 paragraph.
3 1 Sec. _____. Section 422.5, subsection 5, Code 2001,
3 2 is amended to read as follows:
3 3 5. Upon determination of the latest cumulative
3 4 inflation factor, the director shall multiply each
3 5 dollar amount set forth in subsection 1, paragraphs
3 6 "a" through

"i"

- "d" of this section by this cumulative
3 7 inflation factor, shall round off the resulting
3 8 product to the nearest one dollar, and shall
3 9 incorporate the result into the income tax forms and
3 10 instructions for each tax year.
3 11 Sec. _____. Section [422.8](#), subsection 2, paragraph
3 12 a, Code 2001, is amended to read as follows:
3 13 a. Nonresident's net income allocated to Iowa is
3 14 the net income, or portion of net income, which is
3 15 derived from a business, trade, profession, or
3 16 occupation carried on within this state or income from
3 17 any property, trust, estate, or other source within
3 18 Iowa. However, income derived from a business, trade,
3 19 profession, or occupation carried on within this state
3 20 and income from any property, trust, estate, or other
3 21 source within Iowa shall not include distributions
3 22 from pensions, including defined benefit or defined
3 23 contribution plans, annuities, individual retirement
3 24 accounts, and deferred compensation plans or any
3 25 earnings attributable thereto so long as the
3 26 distribution is directly related to an individual's
3 27 documented retirement and received while the
3 28 individual is a nonresident of this state. If a
3 29 business, trade, profession, or occupation is carried
3 30 on partly within and partly without the state, only
3 31 the portion of the net income which is fairly and
3 32 equitably attributable to that part of the business,
3 33 trade, profession, or occupation carried on within the
3 34 state is allocated to Iowa for purposes of section
3 35 422.5, subsection 1, paragraph

"j"

- "e", and section
3 36 422.13 and income from any property, trust, estate, or
3 37 other source partly within and partly without the
3 38 state is allocated to Iowa in the same manner, except
3 39 that annuities, interest on bank deposits and
3 40 interest-bearing obligations, and dividends are
3 41 allocated to Iowa only to the extent to which they are
3 42 derived from a business, trade, profession, or
3 43 occupation carried on within the state.
3 44 Sec. _____. Section [422.8](#), subsection 4, Code 2001,
3 45 is amended to read as follows:
3 46 4. The amount of minimum tax paid to another state
3 47 or foreign country by a resident taxpayer of this
3 48 state from preference items derived from sources
3 49 outside of Iowa shall be allowed as a credit against
3 50 the tax computed under this division except that the
4 1 credit shall not exceed what the amount of state
4 2 alternative minimum tax would have been on the same
4 3 preference items which were taxed by the other state
4 4 or foreign country. The limitation on this credit
4 5 shall be computed according to the following formula:
4 6 The total of preference items earned outside of Iowa
4 7 and taxed by another state or foreign country shall be
4 8 divided by the total of preference items of the
4 9 resident taxpayer of Iowa. In computing this
4 10 quotient, those items excludable under section 422.5,
4 11 subsection 1, paragraph

"k"

- "f", subparagraph (1)
4 12 shall not be used in computing the preference items.
4 13 This quotient multiplied times the net state
4 14 alternative minimum tax as determined in section

4 15 422.5, subsection 1, paragraph

~~"k"~~

- "f" on the total of
 - 4 16 preference items as if entirely earned in Iowa shall
 - 4 17 be the maximum tax credit against the Iowa alternative
 - 4 18 minimum tax. However, the maximum tax credit will not
 - 4 19 be allowed to the extent that the minimum tax imposed
 - 4 20 by the other state or foreign country is less than the
 - 4 21 maximum tax credit computed above.
 - 4 22 Sec. _____. Section [422.9](#), subsection 1, Code 2001,
 - 4 23 as amended by 2001 Iowa Acts, [Senate File 350](#), section
 - 4 24 22, is amended to read as follows:
 - 4 25 1. An optional standard deduction, after deduction
 - 4 26 of federal income tax, equal to one thousand two
 - 4 27 hundred thirty dollars for a married person who files
 - 4 28 separately or a single person or equal to three
 - 4 29 thousand thirty dollars for a husband and wife who
 - 4 30 file a joint return, a surviving spouse, or an
 - 4 31 unmarried head of household. The optional standard
 - 4 32 deduction shall not exceed the amount remaining after
 - 4 33 deduction of the federal income tax. The amount of
 - 4 34 federal income taxes deducted shall not exceed the
 - 4 35 amount as computed under subsection 2, paragraph "b".
 - 4 36 Sec. _____. Section [422.9](#), subsection 2, paragraph
 - 4 37 b, Code 2001, as amended by 2001 Iowa Acts, Senate
 - 4 38 File 350, section 22, is amended by striking the
 - 4 39 paragraph and inserting in lieu thereof the following:
 - 4 40 b. Add the amount of federal income taxes paid or
 - 4 41 accrued, as the case may be, to the extent the federal
 - 4 42 tax payment is for a tax year beginning prior to
 - 4 43 January 1, 2002. Subtract the amount of federal
 - 4 44 income tax refunds received in a tax year to the
 - 4 45 extent that the federal income tax was deducted on an
 - 4 46 Iowa individual income tax return for a tax year
 - 4 47 beginning prior to January 1, 2002.
 - 4 48 Sec. _____. Section [422.11B](#), Code 2001, is amended
 - 4 49 to read as follows:
 - 4 50 422.11B MINIMUM TAX CREDIT.
 - 5 1 1. There is allowed as a credit against the tax
 - 5 2 determined in section 422.5, subsection 1, paragraphs
 - 5 3 "a" through

~~"j"~~

- "e" for a tax year an amount equal to
 - 5 4 the minimum tax credit for that tax year.
 - 5 5 The minimum tax credit for a tax year is the
 - 5 6 excess, if any, of the adjusted net minimum tax
 - 5 7 imposed for all prior tax years beginning on or after
 - 5 8 January 1, 1987, over the amount allowable as a credit
 - 5 9 under this section for those prior tax years.
 - 5 10 2. The allowable credit under subsection 1 for a
 - 5 11 tax year shall not exceed the excess, if any, of the
 - 5 12 tax determined in section 422.5, subsection 1,
 - 5 13 paragraphs "a" through

~~"j"~~

- "e" over the state
 - 5 14 alternative minimum tax as determined in section
 - 5 15 422.5, subsection 1, paragraph

~~"k"~~

- "f".
 - 5 16 The net minimum tax for a tax year is the excess,
 - 5 17 if any, of the tax determined in section 422.5,
 - 5 18 subsection 1, paragraph

~~"i"~~

- "f" for the tax year over
5 19 the tax determined in section 422.5, subsection 1,
5 20 paragraphs "a" through

~~"j"~~

- "e" for the tax year.
5 21 The adjusted net minimum tax for a tax year is the
5 22 net minimum tax for the tax year reduced by the amount
5 23 which would be the net minimum tax if the only item of
5 24 tax preference taken into account was that described
5 25 in paragraph (6) of section 57(a) of the Internal
5 26 Revenue Code.
5 27 Sec. _____. Section [422.13](#), subsection 1, paragraph
5 28 c, Code 2001, as amended by 2001 Iowa Acts, Senate
5 29 File 140, section 7, is amended to read as follows:
5 30 c. However, if that part of the net income of a
5 31 nonresident which is allocated to Iowa pursuant to
5 32 section 422.8, subsection 2, is less than one thousand
5 33 dollars the nonresident is not required to make and
5 34 sign a return except when the nonresident is subject
5 35 to the state alternative minimum tax imposed pursuant
5 36 to section 422.5, subsection 1, paragraph

~~"k"~~

- "f".
5 37 Sec. _____. Section [422.13](#), subsection 1A, Code
5 38 2001, as amended by 2001, Iowa Acts, [Senate File 140](#),
5 39 section 7, is amended to read as follows:
5 40 1A. Notwithstanding any other provision in this
5 41 section, a resident of this state is not required to
5 42 make and file a return if the person's net income is
5 43 equal to or less than the appropriate dollar amount
5 44 listed in section 422.5, subsection 2, upon which tax
5 45 is not imposed. A nonresident of this state is not
5 46 required to make and file a return if the person's
5 47 total net income in section 422.5, subsection 1,
5 48 paragraph

~~"j"~~

- "e", is equal to or less than the
5 49 appropriate dollar amount provided in section 422.5,
5 50 subsection 2, upon which tax is not imposed. For
6 1 purposes of this subsection, the amount of a lump sum
6 2 distribution subject to separate federal tax shall be
6 3 included in net income for purposes of determining if
6 4 a resident is required to file a return and the
6 5 portion of the lump sum distribution that is allocable
6 6 to Iowa is included in total net income for purposes
6 7 of determining if a nonresident is required to make
6 8 and file a return.
6 9 Sec. _____. Section [422.21](#), unnumbered paragraph 5,
6 10 Code 2001, is amended to read as follows:
6 11 The director shall determine for the

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- 2003

- 6 12 calendar year and each subsequent calendar year the
6 13 annual and cumulative inflation factors for each
6 14 calendar year to be applied to tax years beginning on
6 15 or after January 1 of that calendar year. The
6 16 director shall compute the new dollar amounts as
6 17 specified to be adjusted in section 422.5 by the
6 18 latest cumulative inflation factor and round off the
6 19 result to the nearest one dollar. The annual and
6 20 cumulative inflation factors determined by the
6 21 director are not rules as defined in section 17A.2,

6 22 subsection 11. The director shall determine for the
6 23 1990 calendar year and each subsequent calendar year
6 24 the annual and cumulative standard deduction factors
6 25 to be applied to tax years beginning on or after
6 26 January 1 of that calendar year. The director shall
6 27 compute the new dollar amounts of the standard
6 28 deductions specified in section 422.9, subsection 1,
6 29 by the latest cumulative standard deduction factor and
6 30 round off the result to the nearest ten dollars. The
6 31 annual and cumulative standard deduction factors
6 32 determined by the director are not rules as defined in
6 33 section 17A.2, subsection 11.

6 34 Sec. _____. EFFECTIVE AND APPLICABILITY DATES. This
6 35 Act takes effect January 1, 2002, for tax years
6 36 beginning on or after that date."

6 37 #4. Title page, by striking lines 1 through 3 and
6 38 inserting the following: "An Act relating to the
6 39 individual income tax by exempting from tax certain
6 40 federal tax rebates, eliminating the deduction for
6 41 federal income taxes paid, decreasing the tax rates,
6 42 and including effective and applicability date
6 43 provisions."

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6 47 [SHOULTZ](#) of Black Hawk

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6 50

7 1 [HATCH](#) of Polk

7 2

7 3

7 4

7 5 [FALLON](#) of Polk

7 6

7 7

7 8

7 9 [FREVERT](#) of Palo Alto

7 10

7 11

7 12

7 13 [FOEGE](#) of Linn

7 14

7 15

7 16

7 17 [DOTZLER](#) of Black Hawk

7 18

7 19

7 20

7 21 [OSTERHAUS](#) of Jackson

7 22

7 23

7 24

7 25 [MURPHY](#) of Dubuque

7 26

7 27

7 28

7 29 [RICHARDSON](#) of Warren

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7 32

7 33 [LENSING](#) of Johnson

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7 37 [GREIMANN](#) of Story

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7 39
7 40 _____
7 41 [MASCHER](#) of Johnson
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7 43
7 44 _____
7 45 [KUHN](#) of Floyd
7 46
7 47
7 48 _____
7 49 [WITT](#) of Black Hawk
7 50
8 1
8 2 _____
8 3 [JOCHUM](#) of Dubuque
8 4 [HF_757_701](#) 79
8 5 mg/cls