

Loan Copy

R E P O R T
OF THE
LEGISLATIVE ADVISORY COMMITTEE
ON THE STUDY OF
S T A T E R E V E N U E

Submitted To: Members of the 60th Iowa General Assembly
January, 1963

By: The State Revenue Advisory Committee

Senator Richard L. Stephens, Chairman
Representative Arthur C. Hanson, Vice Chairman
Senator Irving D. Long Senator Orval C. Walter
Senator Charles S. Van Eaton Representative Keith H. Dunton
Representative Chester O. Kougen

T A B L E O F C O N T E N T S

	<u>Page</u>
Introduction	1
Objective of the Committee	1
Suggestions for Consideration	3
Tax on Services	3
Increasing Sales Tax	5
Income Tax	5
Adjusted Gross Income Tax	6
(Filing Fee on Income Tax Returns)	7
Readily Obtainable Clause	7
Trade-in Allowances	8
Income Tax on Co-Operatives	8
Mutual, Health, and Fraternal Insurance Companies	8
Uniform Unclaimed Property Bill	8
Moneys and Credits Tax	9
Corporation Tax	9
Liquor-By-The-Drink	10
Liquor Book Permits	10
Pari Mutuel Betting	11
Withholding Tax	11
Chain Store Tax	11
Discount Houses	12
Trading Stamps	12
Inventory Tax on Merchandise	12
Religious, Education and Charitable Property	13
Registration of Boats	13
Tax Commission Recommendations	13
Conclusion	13
Property Valuation and Assessment	15
State Assessor	16

Table of Contents Cont. - page 2

- Appendix I - Additional Sources of Revenue
- Appendix II - Amounts Needed To Replace Or Implement Programs of State and Local Government.
- Appendix III - Percent of Valuation of Personal Property in Relation to Valuation of All Property (Except Moneys and Credits) in Iowa, 1960-1961.
- Appendix IV - An Act imposing a sales tax upon the performance of services.
- Appendix V - An Act relating to retailers permits.
- Appendix VI - An Act to increase the rates of the sales and use tax.
- Appendix VII - An Act to increase the rates of state income tax.
- Appendix VIII - An Act to provide for a tax to be known as "Adjusted Gross Income Tax".
- Appendix IX - An Act to establish a filing fee for individual income tax returns.
- Appendix X - An Act relating to use tax.
(Not "readily obtainable" clause)
- Appendix XI - An Act relating to sales tax.
(Trade-in allowance exemption)
- Appendix XII - An Act relating to taxation of insurance companies.
- Appendix XIII - An Act relating to the disposition of unclaimed property.
- Appendix XIV - An Act relating to moneys and credits.
- Appendix XV - An Act creating the office of state assessor and a state board of review and prescribing their powers and duties.

INTRODUCTION

This Study Committee on State Revenue was created as a result of a request of the Iowa Legislative Research Committee for the purpose of:

1. Comparing the Iowa tax structure, expenditures and indebtedness with tax structures, expenditures and indebtedness of surrounding states;
2. Studying the revenue sources in Iowa as they exist and the possible revenue demands of the future; and
3. Checking with the State Tax Commission regarding loopholes in present Iowa tax laws which might be closed resulting in additional revenues and greater equity.

Since the Legislative Research Committee's request, the State Revenue Study Committee has held twelve meetings. In the late stages of the Study, a subcommittee consisting of Chairman Stephens, Senator Walter, and Representative Hougen was formulated for the purpose of reviewing and summarizing the information discussed by and presented to the Study Committee. Subcommittee members held two meetings in carrying out their assigned responsibilities.

State Comptroller Marvin Selden and Legislative Fiscal Director Dwaine Wicker attended Committee meetings throughout the period of study and have assisted Committee members in their work. The Commissioners and other personnel from the State Tax Commission have also met from time to time with Committee members for the purpose of discussing Iowa taxation problems.

OBJECTIVE OF THE COMMITTEE

At the organizational meeting which was held in August, 1961, your Committee adopted the following resolution as its objective.

"It shall be the object of this study to develop a tax structure for Iowa which will create a climate for progress, encourage industry, foster education, meet our essential social obligations, provide property tax relief, and maintain a sound economy."

In analyzing the possible future needs and possible sources of additional revenue, your Revenue Study Committee has taken a broad view of the Iowa tax structure. Although Committee members have discussed and studied the Special and Trust Accounts of the State, the General Fund of the State and revenue paid into the General Fund have been given major Committee consideration. Considerable thought has been given to a revision of our three point tax structure (property, income, sales) to form a firm foundation for increased revenues as the needs of the State expand. Since the burden of taxes on property appears to be the most unbalanced, our Committee has given preferred attention to property tax relief. In so doing, we must take into account our expanding costs of government and services, inflation, and in particular, our growing educational needs. If we are to effect property tax relief, we must necessarily resort to personal sources of revenue which are based on the ability to spend or the ability to pay, or a combination of the two. Everyone should be given the opportunity to share in the tax burden as well as the benefits, and the tax base should therefore be broadened to effect this opportunity.

It is not the object of this Study Committee to recommend specific sources for increased revenues nor the uses thereof, for these decisions are prerogatives of the entire General Assembly. Nor is this a Report comparable to the Report of the Iowa Taxation Study Committee issued in 1956, for neither time nor personnel would permit such a Report and a duplication would not be justified. In view of the thoroughness and completeness of the 1956 Study, the Tax Study Committee Report should be used as a basis for all future changes in our tax structure. Your Committee recommends that every legislator who is not thoroughly familiar with the 1956 Reports (Part I and Part II) obtain copies of them and study them thoroughly for they will provide a knowledge of our tax structure and an understanding of needs, changes made, and changes to be considered which no other source can provide. The 1956 Tax Study Committee Reports are available at the office of the Iowa Legislative Research Bureau.

A study of the 1956 Reports will disclose that although some of the Tax Study Committee's recommendations have been enacted into law, the same tax problems and needs which existed then are basically the same as those which exist at the present time. The chief difference is that our needs are becoming more urgent, and in the meantime Iowa has moved from a predominantly agricultural economy to a rapidly expanding industrial economy. Consideration might well be given by the General Assembly to updating the 1956 Reports which this Committee has done herewith in certain areas.

This Report is therefore limited to a simple summary of current revenues, the more practical sources for increased revenues and estimates thereof, and suggestions for consideration by the General Assembly. Some of the estimates are highly conjectural because no factual base exists to reach reasonable accuracy. Your Committee has made an attempt to analyze probable future financial needs of the State in order to determine to what extent we should look for sources of increased revenues. Appendix I lists estimates of possible additional sources of revenue. Appendix II lists estimates of revenue needed to replace present or implement new programs of state and local government.

SUGGESTIONS FOR CONSIDERATION

Tax On Services

The consensus of your Committee is that serious consideration should first be given to the expansion of the sales tax in seeking increased or substituted sources of revenue, with particular consideration being given to broadening the sales tax base to include all services with virtually no exemptions. Exemptions result in numerous inequities and opportunities for evasion.

(See Appendix IV)

By broadening the sales tax base and retaining the tax at the present 2% rate, it is believed that the tax would provide adequate revenues to effect property tax relief and also to provide, to a very large extent, for our increased needs. As the

future needs of the State expand, it would then be simple to adjust the tax. Without an increase in the sales tax rate, Iowa merchants bordering on states with high sales tax would receive a break, and merchants bordering states without sales tax at the present would not be further penalized to any great extent because of the Iowa tax. It is impossible to determine how much revenue could be raised by broadening the sales tax base to include all services for no definite factual information is available. Most estimates that have been made appear to be ultra conservative. National figures show that personal consumption expenditures for services is approximately 40% of the total personal consumption expenditures. In other words, if 60¢ of each dollar is spent for goods and 40¢ for services, amount of revenue from the sales tax on services would equal two-thirds of the amount of revenue obtained from the sales tax. Assuming the Iowa 2% sales tax returns \$70,000,000.00, the 2% service tax would then equal about \$46,000,000.00. This figure is an extreme estimate and should be considered with reservations.

On the other hand, there are many evasions under our present sales tax system which, if corrected, might increase the foregoing estimate. For instance, merchants engaged in selling both merchandise and services are making tax collections but are reporting a considerable portion of the sales as services rather than as sale of goods. It is virtually impossible from the enforcement standpoint to determine an equitable division of such sales. The State Tax Commission is responsible for a great number of inequities and evasions under their present regulations. Many seemingly small businesses are not issued sales tax permits but are required to pay sales tax on the wholesale purchase price of the merchandise only. Thus the State fails to collect an equitable amount of sales tax from the consumer. Your Committee has evidence of merchants doing as much as a quarter of a million dollars worth of business a year without a sales tax permit and without filing tax returns. It is possible many contractors in the building trades far exceed this volume of business.

By requiring every person engaged in the sale of merchandise or services to obtain an annual sales tax permit, these inequities would be totally avoided. Wholesalers should be denied sales tax permits but should be required to keep the sales tax permit number of every customer to whom sales are made. This practice would prohibit evasion and aid in enforcement. Your Committee is of the opinion that a nominal annual sales tax permit fee of \$3.00 should be charged to cover the cost of auditing. (See Appendix V) The only exemptions from the requirement to have a sales tax permit should be petty sales and incidental services or labor.

INCREASING SALES TAX

As an alternative to broadening the sales tax base to include all services, the General Assembly may wish to give consideration to increasing the sales tax rate to 3% (See Appendix VI) and perhaps broadening the sales tax base to include some services as a means of providing adequate revenue for additional State needs and for replacement of property taxes. This increase is the simplest method of raising additional revenues but is bound to result in continued evasion and inequities.

In the event of any change in the sales tax rate, consideration should be given to changing Section 422.62, Code 1962, regarding disposition of additional funds for road use purposes and perhaps to limitations of funds now distributed for that purpose.

Section 422.62 of the Code now provides that 10% of the sales tax should be transferred to the Road Use Tax Fund after certain minor deductions.

Income Tax

Reference to Appendix I of this Report discloses that if the present income tax rates were increased to the tax levels which were in effect prior to the present income tax rates, the so-called 100%, an additional 15 million dollars could be raised.

While this amount would probably be sufficient to meet increased State needs, \$15,000,000.00 would not be sufficient to relieve property taxes. To raise enough money to relieve property taxes would require doubling the present income tax and it is questionable that the public would accept this solution.

It therefore appears logical to consider increasing the present income tax only for the purpose of meeting increased needs. (See Appendix VII) Reference to Appendix I will show that there are other minor sources of revenue, some of which are so-called loopholes, that would raise about the same amount. By increasing the income tax to the 100% level and closing these loopholes plus other minor sources of revenue would probably meet the demand for revenue required for increased needs, depending on the budget, but the revenue acquired would not enable the Assembly to provide any property tax relief.

In the event that a change in the present income tax system is recommended, serious consideration should be given to adjusting personal exemptions and perhaps to adjusting the present income tax rates to broaden the base.

Adjusted Gross Income Tax

A great number of legislators including members of this Committee, as well as private organizations, have given considerable discussion to the Adjusted Gross Income Tax. (See Appendix XIII)

In discussing the Adjusted Gross Income Tax, a clear understanding should first be made as to what is meant so that the tax will not be confused with the present income tax used in Indiana. The Indiana tax is a low percentage tax on all gross income without making allowances for operating or business expenses and with each taxpayer allowed only a uniform \$1,000.00 deduction from gross income. Even if a business operated at a loss, the business would be subject to the tax. (For a treatise of the Indiana Gross Income Tax, see: Iowa Legislative Research Bureau Bulletin No. 10, August, 1957 -- An Indiana Experiment: The Gross Income Tax, available at the Legislative Research Bureau.) Our Committee does not believe there would be any acceptance of the Tax in this form.

What the Committee refers to as the Adjusted Gross Income Tax is the Net Income after deducting operating and business expenses but without personal exemptions. The advantage of this type of tax is that a very small tax rate raises a large amount of money. For instance, at the present rate of adjusted gross income in Iowa, a 1% tax rate would raise approximately 40 million dollars. Another advantage in this tax is that the tax is readily adjustable to meet increased requirements. The adoption of this tax also has the effect of broadening the tax base. The tax could be enacted to provide sufficient funds to render property tax relief and also to meet any additional needs that the General Assembly might determine.

If the General Assembly resorts to this tax, consideration should be given to the propriety of abolishing the present income tax rather than making this tax an additional tax. This action would of course require a higher tax rate.

It is the general feeling of the Committee, however, that the public would prefer an increase in sales tax, either on the present rate or by broadening the base, to any increase in the income tax.

Regardless of the type action that may be taken by the 60th General Assembly concerning income tax, your Committee suggests that members of the Legislature consider the possibility of adopting legislation which would place a five dollar filing fee on every income tax return filed in the State. (See Appendix IX) The fee would not only help cover the cost of processing income tax returns but would insure that all citizens of the State would be contributing to this source of income.

Other Matters To Be Considered

READILY OBTAINABLE CLAUSE

Consideration should be given to repealing the sections of the Code which exempt tangible personal property not "readily obtainable" in Iowa from assessment of use tax. The "readily obtainable" clause which pertains to manufacturers is a source of evasion and very difficult for the Tax Commission to administer. (See Appendix X)

TRADE-IN ALLOWANCES

Consideration should be given to the repeal of subsection 422.45(4), Code 1962, pertaining to sales tax exemptions of trade-in allowances on sales. Sales tax is being collected on the sale of trade-in items in some instances and in other instances the tax is being collected but not reported. The present statute is very difficult for merchants to abide by and results in evasions.

(See Appendix XI)

INCOME TAX ON CO-OPERATIVES

Consideration should be given to amending the income tax on co-operatives to make the Iowa law conform to the federal statute. The last Congress required corporation taxes to be paid unless patronage dividends were paid or allocated under certain provisions. It is the desire of the co-operatives to have the Federal and State statutes uniform.

MUTUAL, HEALTH, AND FRATERNAL INSURANCE COMPANIES

Consideration should be given to the repeal of the exemption allowed mutual, health, and fraternal insurance companies from the tax on insurance policies. This exemption is one of the inequities existing in the insurance business which is causing a great deal of resentment. (See Appendix XII)

UNIFORM UNCLAIMED PROPERTY BILL

Consideration should be given to the passage of the uniform unclaimed property bill. (See Appendix XIII) The purpose of this bill is to transfer unclaimed or abandoned funds to the State of Iowa. Claimants, however, would be protected as they would always be able to establish their just claims and collect such funds from the State. Individual depositories, insurance companies, banks, etc. which now have use of the funds are not entitled to these funds. The bill provided is one which has been uniformly adopted by a number of states. Revenues obtained from the adoption of an unclaimed property bill would be far greater the first year than for the ensuing years.

MONEYS AND CREDITS TAX

Consideration should be given to the repeal of the moneys and credits tax except for that portion of the tax which provides for payment of the Korean War Bonds. (See Appendix XIV) This tax is inequitable and drives investment money out of Iowa, and in some instances, its citizens. There is considerable confusion as to what stocks and bonds are taxable and which are not. Often the tax is far greater than the dividends.

The Legislative Research Bureau conducted a study on taxation of moneys and credits during the 1959-1961 Legislative Biennium; Iowa Legislative Research Bureau Bulletin No. 24. Repeal of this tax has been talked about by several Assemblies without action. It is now time to dispose of it. (Special note: As of December 14, 1962, the balance outstanding on Korean Bonus Bonds was \$18,200,000.00; the amount in the Korean Bonus Surplus Fund was \$5,508,042.00; and the Korean Bonus Tax Fund amounted to \$1,898,737.00. Korean Bonus Bonds are being repaid at the rate of \$1,300,000.00 a year. Date of payment is December 1 of each year.)

CORPORATION TAX

The corporation tax in Iowa which is an income tax on corporations (See section 422.33, Code 1962) has been studied by Committee members.

After due consideration, the Committee decided against recommending any change in the Iowa corporation tax law. The present tax rate of 3% is about the average for which corporations are taxed throughout the United States. The tax only brings in about \$4,000,000.00 at the present time. Very little additional revenue could be obtained by increasing the tax on corporations, and any increase might tend to discourage new industry in Iowa. For these reasons the Committee concluded that no change should be made in that tax rate at the present time.

The Committee does, however, recommend that the General Assembly give consideration to the possibility of meeting injustices in the present corporation statutes which permit passage of Iowa manufactured goods out of the State and re-entry as out of state goods.

LIQUOR-BY-THE-DRINK

In considering the probable amount of revenue that would be raised in the event liquor-by-the-drink legislation was passed, the Committee has made estimates based on previous bills which have been submitted to the General Assembly. Based on the premise that license fees would be \$1,000.00 and that a sales tax of 10% at the retail level would be applied to each drink, and assuming that the license fee would be divided between the local body and the State, our conclusions are that the State would receive about \$3,000,000.00 from the license fees and \$5,000,000.00 from the sales tax. The sales tax is based on the assumption that about one-third of liquor sold in the State would be by the drink. The National Distilleries estimates that liquor sold by the drink would be about one-fourth of total consumption and that liquor consumption would be less than when sold only by the bottle. However, the liquor store sales in Iowa show that the border counties sell only about one-half as much liquor per capita as the interior counties. Part of this decrease in sales is due to the State liquor book requirement and part is due to the fact that liquor is undoubtedly being purchased outside of the State in substantial quantities. Consequently, we believe that the figures as they are estimated should be fairly reasonable.

LIQUOR BOOK PERMITS

There is considerable evidence that a number of residents of Iowa will go to the bordering states to make liquor purchases because of the liquor book requirement in Iowa. Many of the State liquor stores do not bother with filling in the books when liquor is purchased. The Chairman of the Liquor Commission has recommended that the State dispense with the liquor books. For all practical purposes, the original purpose for which the books were required has proved to be of little value. While the State would lose about \$300,000.00 a year by abolishing the permits, indications are that we would more than gain that amount by liquor purchases which are now going to other states.

If we insist on retaining the permits, we nevertheless should dispose of liquor books. Filling out the books is an unnecessary administrative expense especially since it is often not done as pointed out above. Abolishment of liquor permits should not apply to operators in the event Iowa liquor laws are changed to provide for dispensation of "liquor-by-the-drink," in which event strict inventory purchases should be required.

PARI MUTUEL BETTING

Information is set out in Appendix I regarding the income from pari mutuel betting in the surrounding states where betting is in effect. The Committee received evidence that Iowans are going to our bordering states for this purpose, and that the State of Iowa is losing a considerable amount of revenue from the standpoint of taxation which our neighboring states are now collecting on a very low tax basis.

WITHHOLDING TAX

Estimates have been made that Iowa income tax collections would be increased by from one to three million dollars by a withholding tax. The main reason for considering a withholding tax in Iowa is to collect the tax on income from people who leave their jobs and move out of the state. However, the cost of additional personnel and equipment and making refunds would be such as to question the net return which a withholding tax would bring in over and above present returns. Also to be considered is the fact that our income tax department is now exchanging information with the federal government which should increase income tax collections in Iowa. Your Committee questions the advisability or advantages of a withholding tax.

CHAIN STORE TAX

Consideration might well be given to increasing the taxes imposed on chain stores.

DISCOUNT STORES

Iowa is now being flooded with so-called "discount stores". Often the sales discounts of these stores are no greater than discounts given by any other retail store. The result is that many of our regular retail outlets are being discriminated against by discount advertising. In addition, a considerable portion of the money from sales or profits from the discount stores move out of the State.

While it is not the purpose of revenue laws to penalize retail outlets, consideration might well be given to the fact that this discount practice places these stores in a class by themselves, similar to the chain stores, and that a tax might well be placed upon discount stores for this reason. Taxation in this area should be considered on the same basis as the tax on chain stores.

TRADING STAMPS

Trading stamps are an irritation to a great many merchants in the State of Iowa. The greater portion of the money taken in from trading stamps moves out of Iowa. It is therefore the recommendation of this Committee that a 10% tax be imposed upon trading stamps.

INVENTORY TAX ON MERCHANDISE

The tax on merchandise inventories is a tax which has received consideration at several sessions of the General Assembly. The Legislative Research Bureau also conducted a study on this subject during the 1959-1961 Legislative Interim. (Iowa Legislative Research Bulletin No. 26.) Various formulas have been suggested by which the assessment and taxation of merchandise inventories property should be applied. As it is, there is no uniformity whatsoever in the assessment and taxation of merchandise held for resale. Definite action should be taken by the General Assembly to assure uniformity or to completely abolish this tax.

RELIGIOUS, EDUCATION AND CHARITABLE PROPERTY

Serious consideration should be given by the General Assembly to repealing Section 427.1(11) of the Code which allows any religious, educational or charitable association property tax exemption on land to the extent of 160 acres in each and every township in the State of Iowa. Valuable buildings and properties within cities are included in the exemption. Various institutions are now obtaining deeds to such properties in return for payment of the equivalent of what the owners would receive in rentals. There are many other abuses of this exemption. The exemption works a hardship on many local taxing districts. The Committee is not in complete agreement as to recommendations to be made regarding this problem.

REGISTRATION OF BOATS

Consideration should be given by the General Assembly to the licensing of boats rather than taxing boats as property. This licensing should be on a basis similar to automobile licensing.

TAX COMMISSION RECOMMENDATIONS

The General Assembly should give careful attention to recommendations to the 60th General Assembly which will be forthcoming from the Tax Commission regarding various changes to be made in the present Iowa tax laws.

CONCLUSION

The foremost and perhaps the most frustrating problem with which the Committee has been confronted, and one with which the General Assembly will be faced is: To what extent should the General Assembly revise the basic Iowa tax structure to meet the State's ever growing financial needs? Shall we proceed much as in the past, raising revenues on a piecemeal basis to meet immediate needs, or shall we make a constructive revision which will be a sound base for increasing revenues for years to come?

Iowa is moving into an industrial economy and an all-out effort will be made to increase industry in Iowa. If we accomplish this goal, our population within the State is certain to increase. Many of our highly trained students will remain in the State. This trend can only result in increasing the school population on all levels, thus increasing our educational needs in particular, as well as the need for other services. If we are to be constructive and if we are to progress, we should develop a tax structure which will meet future needs.

Suggested consideration for the General Assembly is the following possible change in our basic tax structure. Use the sales tax formula for the purpose of relieving the real property tax burden. Then abolish all personal property taxes and use the adjusted gross income tax (net income after deducting ordinary business and operating expenses but before personal exemptions) for replacement of revenue obtained from personal property taxes. This replacement would require approximately \$50,000,000.00 at present and could be accomplished by a 1% tax on the adjusted gross income. Abolishment of personal property taxes would affect every class of taxpayer, every home, business, and farm--with some degree of relief. Since this change would be shifting the tax burden to personal income, corporations should not receive this benefit. Personal property belonging to corporations might be taxed as real estate. The replacement funds could be allocated to local taxing districts on the basis of 15% on real estate valuations, which is the present ratio of personal property valuations to total taxable property valuations in the State (See Appendix III). Local taxing districts would necessarily have to include this allocation in determining bond and budget limits. Otherwise an undue burden would be placed on real property levies.

If the foregoing recommendations were combined with a broadening of the sales tax base to include all services and the sales tax rate was maintained at 2%, and assuming that the revenues raised thereby would be sufficient to meet needed expenditures, we would then have the sales tax to fall back on for revenue increases necessary to meet our future requirements.

Another reason for abolishing the personal property tax is that no matter how much our Iowa assessment laws are improved, it will never be possible to entirely equalize valuations on personal property. The inequities in assessing personal property and merchandise inventories are tremendous. In addition, the abolition would do away with a majority of the costs of assessing personal property annually.

PROPERTY VALUATIONS AND ASSESSMENTS

It is the consensus of this Committee, the School Study Committee, the State Tax Commission, the assessors, and all persons familiar with the property tax problem that valuations of property must be equalized throughout the State of Iowa if further state aid to schools and property tax relief is to be effected. The purpose of further state aid to schools is to assure equal educational opportunities to all pupils regardless of the property tax base of the district in which the pupils attend. In addition, state aid to schools is the main means by which property tax relief can be effected and equalized. Local property valuations are the only basis under present formulas for distributing state funds for additional school aid and property tax relief. If valuations are not equalized, then inequities result in the distribution of state aid for these purposes. The same principle applies to the distribution of the agricultural land credits. The question therefore arises: How shall equalization of valuations throughout the State be accomplished?

The State Tax Commission as now constituted was created in 1935, Chapter 174, 48th General Assembly. The present law, Section 441.47, Code 1962, provides that the State Tax Commission, acting as a board of review, Section 441.46, Code 1962, shall equalize valuations among and between the various counties of the State and the various classes of property therein. The State Tax Commission does the assessing of the utilities in Iowa so that equalization among these classes is fairly well established. Even though assessment of utilities is fairly well equalized, the applicable assessment statutes should be reviewed for needed amendments.

Except for minor efforts, no action appears to have been taken since 1935 to equalize other classes of property, among and between the various counties, except as a result of a mandamus action which went to the Supreme Court in 1940 and which primarily affected utilities. In other words, since 1935 the State Tax Commission has failed to assume its legal responsibilities regarding equalization of valuations. Unfortunately, there seemingly is no means by which it is possible to force the Commission to perform its legal duties, even in the Courts. Furthermore, this very important function owed to the taxpayers of Iowa is to a certain extent an incidental duty of the Tax Commission which is basically a collection agency for State taxes. Under the present provisions of the law, the State Tax Commission acts as a legislative body in the formation of rules and regulations. The Commission administers these rules and regulations, and as a board of review constitutes a judiciary from which there is virtually no appeal.

In order to assure proper equalization of valuations throughout the State, there appears to be two methods to remedy the situation which should be thoroughly considered by the General Assembly. One method is to remove the assessment duties from the State Tax Commission and place the duties under a state assessor. The state assessor would have complete jurisdiction over assessments and assessors. It would be the duty of the state assessor to equalize valuations. The main objection to this method is the creation of a new state department.

The second method is to abolish the Tax Commission as it now exists and replace the Commission with a single commissioner. Under the Commissioner, a deputy assessor would be appointed, qualified as such, who would have control over the assessment and equalization laws.

STATE ASSESSOR

Your Committee is of the opinion that the General Assembly should give consideration to the establishment of an office of state assessor. A bill has been drafted incorporating this suggestion. (See Appendix XV) The bill provides that the state assessor

should be appointed by the Governor with the approval of the Senate and should serve until replaced by the Governor with two-thirds consent of the Senate in executive session or by the Senate on its own initiative. Appointment of such officers for lengthy terms without administrative control grants such officer autonomous and arbitrary authority. In view of the fact that this bill will effect the corrections and remedies which are needed in the assessment law and in view of the fact that this change is a departure from our present Commission system, the General Assembly should give special attention to this suggestion.

Regardless of whatever action is taken by members of the 60th General Assembly in this area, provisions for appeal from the actions of the State Tax Commission, a state assessor, or a single commissioner to an independent appeal board should be provided. Under the present law, a taxpayer is totally helpless for all practical purposes as the tax commission which is responsible for equalizing assessments, also constitutes the board of review. Other changes in the law which should be made include defining the basis for assessments and defining the state authority over local assessments. Assessed valuations and the rate at which property should be assessed should also be redefined and determined.

After eighteen months of appeals to the Tax Commission, the District and Supreme Courts, and an intense study of the law by one of the members of this Committee, it is the conclusion of this Committee that adoption of the suggested assessor's bill is a method by which equal assessments and valuations can be assured and that without such equalization of assessments, further state aid to schools and property tax relief cannot be realized. The Committee is of the opinion that an equalization of real estate valuation is needed before acceptance of a minimum school foundation program.

After careful consideration, this Committee endorses the principles and objectives of the proposed tax assessment bill. For additional information on the method proposed for effecting equalization of assessment, see the explanations at the end of the bill.

(See Appendix XV)

APPENDIX I

<u>Additional Sources of Revenue</u>	<u>Annual Estimates</u>
(Based on 1961-1962 Revenue Collections unless otherwise indicated)	
1. Increase Sales Tax & Use Tax 1%	\$35,000,000 ^{a.}
2. Increase Corporation Income Tax 1%	\$ 1,450,000
3. Increase 2% Sales Tax to cover all Services	<u>Not Available</u> ^{1.}
4. Increase Rates of State Income Tax to "100%"	\$15,000,000 ^{a.}
5. Increase as result of withholding of State Income Tax (No previous figures available for estimate verification)	\$ 1,000,000 ^{b.} (Min.)
6. Increase as result of the repeal of the following exemptions in the Sales & Use Tax:	
a. "Readily-available" Provision of the Use Tax Law -	\$ 1,500,000 ^{b.}
b. "Trade-In" Provision of the Sales Tax Law -	\$ 4,500,000 ^{b.2.}
7. Liquor-By-The-Drink: Provisions License Fees to State \$500 allocated on population basis. 10% Tax on each sale by-the-drink Revenue if:	
a. Maximum Permits issued (exclusive of clubs)	\$ 3,105,000
b. One-third of Liquor Store Sales of Distilled Spirits & Wines were sold by-the-drink	\$ 4,977,350
(Revenue Study Committee Estimates)	

^{a.} Estimates of the Comptroller ^{b.} Estimates of the Tax Commission

^{1.} The 1956 Tax Study Committee estimated a 2% sales tax on services would yield \$15,000,000. Other estimates presented to the Study Committee range to \$45,000,000.

^{2.} Approximately \$3,000,000 of the revenue received from the repeal of this law would go to the Road Use Tax Fund.

<u>Additional Sources of Revenue (Continued)</u>	<u>Annual Estimates</u>
8. Enactment of an Unclaimed Property Tax Law	<u>Not Available</u>
9. Revenue for Local Governments from Tax Exempt Property such as charitable, educational and religious organizations	<u>Not Available</u>
10. Single Rate Adjusted Gross Income Tax Adjusted Gross Income in Iowa, 1962 Fiscal Year - \$3,851,748,612	
1% Rate	\$38,517,486
1½% Rate	<u>\$57,776,229</u>
11. Revenue from \$3.00 annual sales tax permit fee (As of December 31, 1962, the State Tax Commission had record of approximately 70,000 active sales tax permits.)	<u>\$ 210,000³</u>
12. Revenue from \$5.00 income tax return filing fee (The State Tax Commission records show 810,443 state income tax returns filed in 1962; 232,600 no pay, 577,843 pay.)	<u>\$ 4,000,000</u>
13. Increase as result of the repeal of the tax exemption on insurance premiums allowed to Mutual, Health, and Fraternal Insurance Companies	<u>\$ 1,000,000^c</u>

^c Estimate of the State Department of Insurance

³ This figure would be substantially increased if all individuals selling at retail were required to obtain sales tax permits and if the General Assembly adopted a service tax.

<u>Additional Sources of Revenue (Continued)</u>	<u>Annual Estimates</u>
<p>14. Revenue from Pari Mutuel Betting (Senator Van Eaton obtained the following statistics from the Treasurers of the two states listed.)</p> <p style="padding-left: 40px;"><u>South Dakota - 3%</u> Total amount wagered at race tracks in 1961 - \$15,913,560.00 Amount of tax collected by the State - \$630,547.88</p> <p style="padding-left: 40px;"><u>Nebraska - 2% tax on over \$1 million</u> Total amount wagered at race tracks in 1961 - Over \$35,000,000.00 Amount of tax collected by the State - \$648,666.18</p>	<p><u>Not Available</u>^{4.}</p>
<p>15. Chain Store Tax [Amount of revenue collected from the chain store tax from July 1, 1961 to June 30, 1962 was \$33,942.95.^{a.} For chain store tax rates, see section 424.4, Code of Iowa (1962).]</p>	<p><u>Not Available</u>^{5.}</p>
<p>16. 10% tax on Trading Stamps (It was estimated in 1961, that a 5% trading stamp tax would return approximately \$2 million.^{b.} The State Tax Commission estimates that a 10% tax on trading stamps could return as much as \$7.5 million.)</p>	<p><u>Not Available</u></p>

^{a.} Total obtained from the State Comptroller

^{b.} State Comptroller

^{4.} Amount of revenue obtained from pari mutuel betting would depend upon the rate of tax imposed.

^{5.} Amount of revenue obtained from an increase in the chain store tax would depend upon the rate of tax increase imposed.

APPENDIX II

Amounts Needed To Replace or Implement Programs of State & Local Governments

1.	Amount necessary to equal 1961-63 Budget (annually)	<u>\$193,890,439.93</u>
2.	Amount necessary to replace Moneys & Credit Tax less amount for Korean War Bonus Bonds (1962)	<u>\$ 5,903,394.69</u>
3.	Amount necessary to replace county payments to state for county patients in state institutions (1962)	<u>\$ 14,000,000.00</u>
4.	Amount necessary to replace Agriculture Land Tax Credit (1962)	<u>\$ 11,250,000.00</u>
5.	Amount necessary to replace Homestead Credit (1962)	<u>\$ 29,000,000 approx.</u>
6.	Amount necessary to replace Veterans Exemption (1962)	<u>\$ 2,708,265 approx.</u>
7.	Amount necessary to replace the following property tax receipts at the local level	
	a. Merchandise Inventories (1961) Valuation \$175,567,023	
	average city millage 1961 - 93.742	<u>\$ 16,458,003.86</u>
	b. Personal Property Tax on Livestock (1961) Valuation \$198,006,298	
	average rural millage 1961 - 62.734	<u>\$ 12,421,727.09</u>
	c. Personal Property Tax on Farm Machinery (1961) Valuation \$162,705,832	
	average rural millage 1961 - 62.734	<u>\$ 10,207,187.66</u>
	d. All Personal Property Tax other than Industrial Personal (1962)	<u>\$ 52,742,676.32</u>
8.	Amount necessary to replace revenue obtained from liquor book permits	<u>\$ 300,000.00</u>
9.	Amount necessary to implement Kerr-Mills Bill	<u>\$ 4,000,000.00</u>
10.	Amount necessary for Area Community Colleges	<u>Not Available</u>

11. Amount necessary to increase State School Aid and give Property Tax Relief	<u>\$ 39,000,000*</u>
12. Board of Regents Budget to be submitted to 1963 General Assembly	
a. Capital Improvements	<u>\$ 17,000,000</u>
b. Salaries, Support, Maintenance, Equipment, Repairs, Replacements & Alterations	<u>\$110,102,219</u>

*Amount the Tentative School Foundation Program would require as developed by State Aid to Schools Committee. The amount is in addition to the present \$23,000,000 appropriated for General and Supplemental Aids.

APPENDIX III

PERCENT OF VALUATION OF PERSONAL PROPERTY IN RELATION TO
VALUATION OF ALL PROPERTY (EXCEPT MONEYS AND CREDITS) IN
IOWA, 1960-1961
(VALUATION STATISTICS OBTAINED FROM 1961 ANNUAL REPORT OF
THE STATE TAX COMMISSION, TABLE 14, pp. 56-59)

<u>COUNTY</u>	<u>VALUATION ALL PROPERTY (Except Moneys & Credits)</u>	<u>VALUATION PERSONAL PROPERTY</u>	<u>PERCENT OF PERSONAL PROPERTY IN RELATION TO ALL PROPERTY</u>
Adair	\$ 28,155,197	\$ 4,558,164	16.19
Adams	18,985,658	2,488,532	13.11
Allamakee	31,838,473	5,339,244	16.77
Appanoose	22,146,602	3,563,016	16.09
Audubon	28,580,967	4,169,704	14.59
Benton	58,283,054	8,738,983	14.99
Black Hawk	209,807,087	26,184,562	12.48
Boone	56,097,429	5,746,584	10.24
Bremer	40,397,745	6,960,909	17.23
Buchanan	36,553,418	5,907,909	16.16
Buena Vista	52,636,625	7,472,732	14.20
Butler	37,867,030	5,554,572	14.67
Calhoun	44,492,100	5,116,666	11.50
Carroll	51,692,672	7,338,283	14.20
Cass	39,734,678	6,404,479	16.12
Cedar	44,743,598	7,327,393	16.38
Cerro Gordo	98,786,414	16,531,961	16.74
Cherokee	45,443,860	7,590,688	16.70
Chickasaw	30,422,183	5,457,149	17.94
Clarke	16,175,469	2,537,304	15.69
Clay	48,908,322	7,355,595	15.04
Clayton	42,650,309	6,913,556	16.21
Clinton	91,583,197	14,485,997	15.82
Crawford	43,308,421	6,604,688	15.25
Dallas	55,874,334	5,869,199	10.50
Davis	16,450,673	2,800,768	17.03
Decatur	18,062,702	2,846,839	15.76
Delaware	38,342,869	6,257,373	16.32
Des Moines	63,297,428	9,427,335	14.89
Dickinson	28,794,967	3,680,333	12.78
Dubuque	117,358,408	20,189,894	17.20
Emmet	31,485,262	4,503,878	14.30
Fayette	54,882,064	8,632,830	15.73
Floyd	40,888,165	5,879,166	14.38
Franklin	43,697,699	6,557,103	15.01
Fremont	28,030,713	2,879,251	10.27
Greene	42,296,860	4,509,214	10.66
Grundy	42,639,449	6,514,143	15.28

<u>COUNTY</u>	<u>VALUATION ALL PROPERTY (Except Moneys & Credits)</u>	<u>VALUATION PERSONAL PROPERTY</u>	<u>PERCENT OF PERSONAL PROPERTY IN RELATION TO ALL PROPERTY</u>
Guthrie	30,084,484	3,527,463	11.73
Hamilton	53,267,515	9,279,137	17.42
Hancock	41,052,012	5,508,267	13.42
Hardin	51,931,366	7,728,032	14.88
Harrison	35,359,951	5,109,820	14.45
Henry	28,243,535	3,532,071	12.51
Howard	23,350,591	3,993,881	17.10
Humboldt	38,783,572	4,884,244	12.59
Ida	29,171,454	4,235,058	14.52
Iowa	37,713,803	8,055,921	21.36
Jackson	35,675,082	6,536,285	18.32
Jasper	65,535,978	11,118,861	16.97
Jefferson	29,963,112	3,808,291	12.71
Johnson	75,231,211	11,118,764	14.78
Jones	39,329,565	6,920,631	17.60
Keokuk	33,159,729	3,888,090	11.73
Kossuth	68,133,312	9,598,561	14.09
Lee	64,854,034	8,530,940	13.15
Linn	237,435,211	38,278,253	16.12
Louisa	21,356,541	3,001,837	14.06
Lucas	18,558,588	3,317,807	17.88
Lyon	38,072,613	5,867,285	15.41
Madison	28,934,532	4,918,391	17.00
Mahaska	46,754,614	6,526,893	13.96
Marion	41,836,394	6,072,998	14.52
Marshall	74,484,473	10,809,142	14.51
Mills	34,033,426	3,369,941	9.90
Mitchell	30,773,100	5,234,993	17.01
Monona	34,122,839	4,078,963	11.95
Monroe	18,453,219	2,464,386	13.35
Montgomery	33,572,775	4,108,745	12.24
Muscatine	53,035,877	7,904,460	14.90
O'Brien	46,607,262	6,221,209	13.35
Osceola	25,305,966	3,628,518	14.34
Page	40,494,775	5,827,429	14.39
Palo Alto	35,004,623	3,572,615	10.21
Plymouth	58,828,389	8,913,316	15.15
Pocahontas	42,833,768	6,892,923	16.09
Polk	390,356,053	55,973,789	14.34
Pottawattamie	125,650,902	13,047,837	10.38
Poweshiek	41,870,511	6,253,499	14.94
Ringgold	15,174,638	2,362,448	15.57
Sac	43,900,620	6,264,514	14.27
Scott	213,164,077	28,768,780	13.50
Shelby	39,006,967	5,993,168	15.36

<u>COUNTY</u>	<u>VALUATION ALL PROPERTY (Except Moneys & Credits)</u>	<u>VALUATION PERSONAL PROPERTY</u>	<u>PERCENT OF PERSONAL PROPERTY IN RELATION TO ALL PROPERTY</u>
Sioux	62,182,291	10,856,444	17.46
Story	70,715,432	8,188,128	11.58
Tama	52,203,462	8,067,798	15.45
Taylor	23,718,831	3,638,170	15.34
Union	25,929,974	3,648,800	14.07
Van Buren	16,071,052	2,535,509	15.78
Wapello	64,394,956	10,257,578	15.93
Warren	36,651,412	4,057,613	11.07
Washington	44,687,627	5,416,306	12.12
Wayne	20,048,562	2,986,293	14.90
Webster	89,831,359	10,606,614	11.81
Winnebago	27,908,195	3,755,608	13.46
Winneshiek	36,548,737	6,806,906	18.62
Woodbury	162,814,346	20,491,763	12.59
Worth	24,572,270	3,694,841	15.04
Wright	55,605,977	8,856,981	15.93
TOTAL	\$5,265,739,643	\$761,809,804	14.47 ¹

Percent of valuation of Personal Property in
relation to all Property (except moneys and
credits) COUNTY AVERAGE

14.61

¹ 14.47 is the percentage of the total valuation of all personal property in relation to total valuation of all property (except moneys & credits).

APPENDIX IV

A BILL FOR

An Act imposing a sales tax upon the sale or performance of services.

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

Chapter four hundred twenty-two (422), Code 1962, is hereby amended by adding thereto the following new division:

Section 1. For the purpose of this division and unless otherwise required by the context:

1. "Person" includes any individual, firm, copartnership, joint venture, association, corporation, estate, trust, business trust, receiver, syndicate or any other group acting as a unit.

2. "Services" means all acts or services rendered, furnished, or performed for a valuable consideration by any person engaged in any business or occupation not specifically exempted. The tax shall be due and collectable when the service is rendered, furnished, or performed for the ultimate user thereof.

3. "User" means the person for whom or for whose benefit the service is rendered or performed.

4. "Business" shall include all activities engaged in or caused to be engaged in with the object of gain, benefit, or advantage, direct or indirect.

5. "Taxpayer" means any person obligated to account to the state tax commission for taxes collected, to be collected, or due under this Act.

6. "Tax" means the tax payable by the person procuring or for whose benefit a service is rendered or performed subject to tax; or the aggregate amount of taxes due from the person rendering, performing, or furnishing services during the period for which he is required to report his collections as the context may require.

7. "Value of services" means the price to the user exclusive of any direct tax imposed by the federal government or by this Act.

8. "Gross taxable services" means the total amount received in money, credits, property, or other consideration valued in money from services rendered or performed in this state and embraced within the provisions of this Act. However, the taxpayer may take credit in his report of gross taxable services for an amount equal to the value of services rendered or performed when the full value of services thereof is refunded either in cash or by credit. When services are made under conditional contract or under other contract or agreement, where the payment of the principal sum thereunder is extended over a period longer than sixty (60) days from the date of the contract or agreement, only such portion of the value of services thereof shall be accounted for the purpose of imposition of the tax imposed by this Act as has actually been received in cash by the taxpayer during the period for which the tax imposed by this Act

is due and payable. Taxes paid on gross taxable services represented by accounts found to be worthless and actually charged off for income tax purposes may be credited upon a subsequent payment of the tax herein, but if any such accounts are thereafter collected by the taxpayer, a tax shall be paid upon the amounts so collected.

Sec. 2. It shall be unlawful for any person to engage in the business of selling, rendering, or performing services subject to taxation under this Act after the effective date of this Act without first obtaining a permit under the provisions of section four hundred twenty-two point fifty-three (422.53) of the Code. All provisions relating to the issuance of licenses as included in section four hundred twenty-two point fifty-three (422.53) of the Code shall apply to permits involving the sale, rendering, or performance of services. No person already holding a permit under the provisions of section four hundred twenty-two point fifty-three (422.53) of the Code shall be required to obtain an additional permit, but shall report the tax upon services provided for in this Act together with retail sales which are reported for taxation.

Sec. 3. There is hereby levied and imposed upon services rendered or performed in this state and measured by the amounts therefor a tax in the amount of two (2) percent, which shall be collected by the state tax commission. All proceeds derived from the collection of the tax imposed by this Act shall become a part of the general fund of the state of Iowa and shall be collected by the state tax commission in the same manner as are

taxes upon retail sales or use taxes.

1. This tax shall be specifically imposed upon the furnishing of lodging and related services to transients in or by a hotel, rooming house, tourist court, motel, or trailer camp. The occupancy of real property under a written lease for a continuous period of one (1) year or more shall be considered an interest in real property and shall not be subject to the tax imposed by this Act.

2. This tax shall be specifically imposed upon all sales of newspaper and magazine advertising and advertising over radio and television stations. In the case of a newspaper or magazine, the amount of the tax shall be determined through an allocation of the receipts from such advertising based upon the circulation of the publication within the state of Iowa. The tax shall also be imposed upon all receipts from advertising displayed upon billboards or other outdoor advertising. There shall be deducted from the gross receipts of such advertising any amounts paid by the taxpayer as a commission to advertising agencies through which such business is received.

3. This tax shall be specifically imposed upon the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property including the installing or attaching of any article of tangible personal property therein or thereto whether or not such personal property becomes a part of the realty by virtue of installation. This tax shall also be imposed upon the charges made for clearing land and the moving of earth for the purpose of construction or

improving real property.

4. This tax shall be specifically imposed upon the value of services rendered or performed by any person engaged in business of a professional, technical, or scientific nature where services are rendered or performed on a fee basis or for consideration in the nature of a retainer including but not limited to abstractors, accountants, architects, barbers, cosmetologists, doctors, engineers, lawyers, pharmacists, real estate brokers, shorthand reporters, lobbyists, auctioneers, and any other business of a professional, technical, or scientific nature in which services are rendered or performed on a price or fee basis or for a consideration in the nature of a retainer. The services of a minister, priest, rabbi, or a religious organization shall not be subject to the tax imposed by this Act.

5. This tax shall be specifically imposed upon intrastate services rendered by transportation agencies including railroads, truck lines, air lines, bus lines, and commercial haulers. This Act shall also apply to that portion of services of this character rendered during the course of interstate business which may be allocated upon the basis of the receipts derived from sale of such services upon that portion of the transportation performed within the state of Iowa.

Sec. 4. Persons rendering, performing, or selling services shall as far as practicable add the tax imposed under this Act or the average equivalent thereof to the value of services or charges showing such tax as a separate and distinct item and when added such tax shall constitute a part of the value of

service or charge. The tax shall be a debt from the user to the person rendering or performing service until paid and shall be recoverable at law in the same manner as other debts. However, persons engaged in a business of a professional, technical, or scientific nature subject to taxation under this Act may, if they so desire, make service return upon the gross proceeds received by them and are not required to include the tax in their billings to clients.

Sec. 5. It shall be unlawful for any person rendering or performing service to advertise or hold out or state to the public or to any user, directly or indirectly, that the tax or any part thereof imposed by this Act will be assumed or absorbed by him or that it will not be added to the value of service rendered, or if added that it or any part thereof will be refunded.

Sec. 6. To provide uniform methods of adding the tax or the average equivalent thereof to the value of service, it shall be the duty of the state tax commission to formulate and promulgate appropriate rules and regulations to effectuate the purposes of this Act.

Sec. 7. The service tax imposed under the provisions of this Act shall include a payment of sales or use tax, as the case may be, as a portion of the service tax. The state tax commission shall provide uniform forms for the return required, and such forms shall also provide for the return of any sales or use tax paid upon materials or supplies involved in such service. No tax shall be imposed by this Act upon any service now subject to taxation under the sales or use tax laws, and all exemptions

from taxation under the sales and use tax laws shall apply to the sales of services taxable under this Act. The tax imposed by this Act shall be in addition to all licenses and taxes imposed by law except as otherwise provided.

Sec. 8. All services rendered to the state of Iowa or any of the tax-levying political subdivisions thereof shall be exempt from taxation under the provisions of this Act.

Sec. 9. In computing the tax imposed by this Act, there may be deducted from the measure of tax the following:

Amounts derived as compensation for services rendered to patients by a hospital or other institution devoted to the care of human beings with respect to the prevention or treatment of disease, sickness, or suffering if such hospital or institution is operated by the United States or any of its instrumentalities or by the state or any of its political subdivisions.

Sec. 10. The provisions of division four (IV) and five (V) of chapter four hundred twenty-two (422) of the Code relating to retail sales tax and administration thereof shall apply to the collection of the tax imposed by this Act insofar as practicable.

Sec. 11. The provisions of chapter four hundred twenty-three (423) of the Code shall apply to the collection and administration of the tax imposed by this Act insofar as they are applicable.

Sec. 12. Section four hundred twenty-three point two (423.2), Code 1962, is hereby amended by adding thereto the following:

"An excise tax is hereby imposed on the use in this state of personal services purchased or rendered on and after the effective date of this Act at the rate of two (2) percent of the

purchase price of such services. Such tax is hereby imposed upon every person using such services within the state until such tax has been paid directly to the person rendering such services or to the tax commission. The items subject to use tax on services shall be the same as those subject to a sales tax upon services as enumerated in this Act, but the use tax shall only apply in such cases where the services rendered are by nonresidents who do not maintain a permanent place of business within the state."

Sec. 13. Section four hundred twenty-two point one (422.1), Code 1962, is hereby amended by adding a reference to the division created by this Act which shall be designated as follows:

"Service tax."

EXPLANATION

The purpose of this bill is to extend the state sales and use tax to most services. Services would be taxed at the same rate as sales and use tax.

APPENDIX V

A BILL FOR

An Act relating to retailers' permits.

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

Section 1. Section four hundred twenty-two point fifty-three (422.53), Code 1962, is hereby amended as follows:

1. By striking from line three (3) of subsection two (2) of such section the words "fifty cents" and inserting in lieu thereof the words "three (3) dollars".

2. By repealing subsection four (4) and enacting the following in lieu thereof:

"Permits issued under the provisions of this division shall expire on the last day of December following the date of issue unless revoked sooner by the commission. Permits shall be renewed each year and shall be issued on request to former holders of permits without application as provided in subsection one (1) of this section, provided that an annual fee of three (3) dollars for each permit requested is paid."

3. By striking from lines one (1) and two (2) of subsection six (6) of such section the words "one dollar" and inserting in lieu thereof the words "five (5) dollars".

EXPLANATION

This bill would increase the fee for the issuance of a retailer's permit from fifty cents to three dollars. The bill also makes necessary an annual renewal of said permit and fixes a charge of three dollars for each renewal. The fee for issuing a permit to a retailer whose permit has been previously revoked is increased from one dollar to five dollars.

APPENDIX VI

A BILL FOR

An Act to increase the rates of the sales and use tax.

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

Section 1. Section four hundred twenty-two point forty-three (422.43), Code 1962, is hereby amended as follows:

1. By striking from line three (3) the word "two" and inserting in lieu thereof the word "three (3)".

2. By striking from line twenty-three (23) the word "two" and inserting in lieu thereof the word "three (3)".

Sec. 2. Section four hundred twenty-three point two (423.2), Code 1962, is hereby amended by striking from line five (5) the word "two" and inserting in lieu thereof the word "three (3)".

EXPLANATION

This bill will increase the sales and use tax rates from two percent to three percent.

APPENDIX VII

A BILL FOR

An Act to increase the rates of state income tax.

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

Section 1. Section four hundred twenty-two point five (422.5), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the number "1934" and inserting in lieu thereof the number "1963".
2. By striking from line four (4) the number "1937" and inserting in lieu thereof the number "1963".
3. By striking from lines fourteen (14) and fifteen (15) the words "three-fourths of".
4. By striking from lines seventeen (17) and eighteen (18) the words "one and one-half" and inserting in lieu thereof the word "two (2)".
5. By striking from lines twenty (20) and twenty-one (21) the words "two and one-fourth" and inserting in lieu thereof the word "three (3)".
6. By striking from line twenty-three (23) the word "three" and inserting in lieu thereof the word "four (4)".
7. By striking from lines twenty-five (25) and twenty-six (26) the words "three and three-fourths" and inserting in lieu thereof the word "five (5)".

8. By striking from lines twenty-seven (27) and twenty-eight (28) the words "three and three-fourths" and inserting in lieu thereof the word "five (5)".

EXPLANATION

The purpose of this Act is to increase the rates of state income tax.

APPENDIX VIII

A BILL FOR

An Act to provide for a tax to be known as an adjusted gross income tax.

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

Chapter four hundred twenty-two (422), Code 1962, is hereby amended by adding thereto the following new division:

Section 1. For purposes of this division and unless otherwise required by the context:

1. "Adjusted gross income" means the net income as determined by sections four hundred twenty-two point seven (422.7) and four hundred twenty-two point eight (422.8) of the Code.
2. "Resident" applies only to individuals and includes, for the purpose of determining liability to the tax imposed by this division upon or with reference to the adjusted gross income of any tax year, any individual domiciled in the state of Iowa and any other individual who maintains a permanent place of abode within Iowa.
3. "Nonresident" applies only to individuals and includes all individuals who are not "residents" within the meaning of subsection two (2) of this section.
4. "Individual" means a natural person but does not include a fiduciary.

Sec. 2. A tax is hereby imposed beginning the first day of January 1963 upon the adjusted gross income, as defined by section one (1) of this Act, of every resident of Iowa and upon that part of the adjusted gross income of every nonresident which is derived from any property, trust, or other source within this state including any business, trade, profession, or occupation carried on within this state. The tax shall be levied, collected, and paid annually upon his adjusted gross income at the rate of one (1) percent.

Sec. 3. The tax provided for by this Act shall be computed on income tax forms designed by the state tax commission.

Sec. 4. The tax payable under the provisions of this Act shall be paid at the time of filing the return required by section four hundred twenty-two point thirteen (422.13) of the Code. If the amount required to be paid under the provisions of this Act when added to the amount required to be paid under division two (II) of chapter four hundred twenty-two (422) of the Code exceeds fifty (50) dollars, the total tax payable may be paid in two (2) installments as provided by section four hundred twenty-two point twenty-four (422.24) of the Code.

Sec. 5. All the provisions of sections four hundred twenty-two point twenty-five (422.25), four hundred twenty-two point twenty-six (422.26), four hundred twenty-two point twenty-eight (422.28), four hundred twenty-two point twenty-nine (422.29), and four hundred twenty-two point thirty (422.30) of the Code as far as applicable shall apply to all individuals taxable under this Act.

Sec. 6. All revenue collected from the tax imposed by this Act shall be credited to the general fund of the state of Iowa.

Sec. 7. Section four hundred twenty-two point one (422.1), Code 1962, is hereby amended by adding the following new division: "Adjusted gross income tax."

EXPLANATION

This bill provides for a one percent adjusted gross income tax.

APPENDIX IX

A BILL FOR

An Act to establish a filing fee for individual income tax returns.

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

Section 1. Chapter four hundred twenty-two (422), Code 1962, is hereby amended by adding thereto the following new section:

"There is hereby imposed beginning the first day of January, 1964, a five (5) dollar filing fee upon every income tax return required to be filed as provided in section four hundred twenty-two point thirteen (422.13) of the Code. Such fee shall be in addition to any tax imposed by this chapter."

EXPLANATION

This bill would require every person or persons filing an income tax return to pay a minimum tax of five (5) dollars. The bill would, in addition to taxes imposed upon the taxpayer, impose a filing fee of five (5) dollars upon every income tax return filed.

APPENDIX X

A BILL FOR

An Act relating to use tax.

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

Section 1. Section four hundred twenty-three point one (423.1), Code 1962, is hereby amended as follows:

1. By striking from lines seventeen (17) and eighteen (18) of subsection one (1) the words ", which are not readily obtainable in Iowa, and".

2. By striking all of subsection ten (10).

Sec. 2. Section four hundred twenty-three point three (423.3), Code 1962, is hereby amended by striking lines six (6) through twelve (12) inclusive.

Sec. 3. Section four hundred twenty-three point four (423.4), Code 1962, is hereby amended by striking subsection five (5) of such section.

EXPLANATION

The purpose of this bill is to make property "not readily obtainable in Iowa" taxable.

APPENDIX XI

A BILL FOR

An Act relating to sales tax.

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

Section 1. Subsection four (4) of section four hundred twenty-two point forty-five (422.45), Code 1962, is hereby repealed.

EXPLANATION

The purpose of this bill is to eliminate the trade-in allowance exemption from sales tax.

APPENDIX XII

A BILL FOR

An Act relating to taxation of insurance companies.

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

Section 1. Section four hundred thirty-two point one (432.1), Code 1962, is hereby amended as follows:

1. By striking from lines three (3) through six (6) inclusive the words ", not including fraternal beneficiary associations, county mutual associations and nonprofit hospital and medical service corporations,".

2. By striking from lines four (4) through seven (7) inclusive of subsection one (1) of such section the words ", not including fraternal beneficiary associations, or the gross payments or deposits collected from holders of fraternal beneficiary association certificates,".

Sec. 2. Section four hundred thirty-two point six (432.6), Code 1962, is hereby amended by striking from lines three (3) through seven (7) inclusive the words ", not including corporations with capital stock, county mutuals, and fraternal beneficiary associations, which county mutuals and fraternal beneficiary associations are not organized for pecuniary profit,".

Sec. 3. Section four hundred thirty-two point eight (432.8), Code 1962, is hereby amended by striking from lines four (4)

through eight (8) inclusive the words "except county mutuals and fraternal beneficiary associations, which county mutuals and fraternal beneficiary associations are not organized for pecuniary profit,".

Sec. 4. Section five hundred eighteen point thirty-seven (518.37), Code 1962, is hereby repealed and the following enacted in lieu thereof:

"County mutual associations shall pay to the treasurer of state a sum equivalent to two (2) percent of the gross receipts from premiums, but such associations shall be exempt from the examination and the payment of all other tax provided for in section five hundred eighteen point thirty-five (518.35) of the Code."

EXPLANATION

This bill removes the exemption from taxation presently given the premiums collected on insurance policies issued by fraternal beneficiary associations, county mutual associations, and non-profit hospital and medical service corporations.

APPENDIX XIII

A BILL FOR

An Act relating to the disposition of unclaimed property.

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

Section 1. As used in this Act, unless the context otherwise requires:

1. "Banking organization" means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, or a private banker engaged in business in this state.

2. "Business association" means any joint stock company, business trust, partnership, association for business purposes of two (2) or more individuals, or any corporation other than a public corporation.

3. "Financial organization" means any savings and loan association, building and loan association, credit union, co-operative bank, or investment company engaged in business in this state.

4. "Holder" means any person in possession of property subject to this Act belonging to another, who is trustee in case of a trust, or is indebted to another on an obligation subject to this Act.

5. "Life insurance corporation" means any association or

corporation transacting within this state the business of insurance on the lives of persons or insurance appertaining thereto including but not limited to endowments and annuities.

6. "Owner" means a depositor in case of a deposit, a beneficiary in case of a trust, a creditor, claimant, or payee in case of other choses in action, or any person having a legal or equitable interest in property subject to this Act, or his legal representative.

7. "Person" means any individual, business association, government or political subdivision, public corporation, public authority, estate, trust, two (2) or more persons having a public or common interest, or any other legal or commercial entity.

8. "Utility" means any person who owns or operates within this state for public use any plant, equipment, property, franchise, or license for the transmission of communications or the production, storage, transmission, sale, delivery, or furnishing of electricity, water, steam, or gas.

Sec. 2. The following property held or owing by a banking or financial organization is presumed abandoned:

1. Any demand, savings, or matured time deposit made in this state with a banking organization together with any interest or dividend thereon excluding any charges that may lawfully be withheld unless the owner has within ten (10) years:

a. Increased or decreased the amount of the deposit or presented the passbook or other similar evidence of the deposit

for the crediting of interest.

b. Corresponded in writing with the banking organization concerning the deposit.

c. Otherwise indicated an interest in the deposit as evidenced by a memorandum on file with the banking organization.

2. Any funds paid in this state toward the purchase of shares or other interest in a financial organization or any deposit made therewith in this state and any interest or dividends thereon excluding any charges that may lawfully be withheld unless the owner has within ten (10) years:

a. Increased or decreased the amount of the funds or deposit or presented an appropriate record for the crediting of interest or dividends.

b. Corresponded in writing with the financial organization concerning the funds or deposit.

c. Otherwise indicated an interest in the funds or deposit as evidenced by a memorandum on file with the financial organization.

3. Any sum payable on checks certified in this state or on written instruments issued in this state on which a banking or financial organization is directly liable, including but not limited to certificates of deposit, drafts, and traveler's checks, that has been outstanding for more than ten (10) years from the date it was payable or from the date of its issuance if payable on demand. Such checks or written instruments shall not be deemed to have been abandoned if the owner has within ten (10) years corresponded in writing with the banking or

financial organization concerning the check or written instrument or otherwise indicated an interest as evidenced by a memorandum on file with the banking or financial organization.

4. Any funds or other personal property, tangible or intangible, removed from a safe deposit box or any other safekeeping repository in this state on which the lease or rental period has expired due to nonpayment of rental charges or other reason, or any surplus amounts arising from the sale thereof under law, that have been unclaimed by the owner for more than ten (10) years from the date on which the lease or rental period expired.

Sec. 3. Unclaimed funds as defined in this section held and owing by a life insurance corporation shall be presumed abandoned if the unclaimed funds are held or owing by a life insurance corporation organized under the laws of or created in this state; or the unclaimed funds are held or owing by a life insurance corporation doing business in this state, but not organized under the laws of or created in this state, and records of the life insurance corporation indicate that the last known address of the person entitled thereto is in this state.

If a person other than the insured or annuitant is entitled to the funds and no address of such person is known to the corporation or if it is not definite and certain from the records of the corporation what person is entitled to the funds, it is presumed that the last known address of the person entitled to the funds is the same as the last known address of the insured or annuitant according to the records of the corporation.

"Unclaimed funds" as used in this section means all moneys held and owing by any life insurance corporation unclaimed and unpaid for more than ten (10) years after the moneys became due and payable as established from the records of the corporation under any life or endowment insurance policy or annuity contract which has matured or terminated. A life insurance policy not matured by actual proof of the death of the insured is deemed to be matured and the proceeds thereof are deemed to be due and payable if such policy was in force when the insured attained the limiting age under the mortality table on which the reserve is based, unless the person appearing entitled thereto has within the preceding ten (10) years:

1. Assigned, readjusted, or paid premiums on the policy.
2. Subjected the policy to loan.

3. Corresponded in writing with the life insurance corporation concerning the policy.

Moneys otherwise payable according to the records of the corporation are deemed due and payable although the policy or contract has not been surrendered as required.

Sec. 4. The following funds held or owing by any utility are presumed abandoned:

1. Any deposit made by a subscriber with a utility to secure payment for or any sum paid in advance for utility services to be furnished in this state less any lawful deductions that has remained unclaimed by the person appearing on the records of the utility entitled thereto for more than ten (10) years after the termination of the services for which the deposit or advance payment was made.

2. Any sum which a utility has been ordered to refund and which was received for utility services rendered in this state together with any interest thereon less any lawful deduction that has remained unclaimed by the person appearing on the records of the utility entitled thereto for more than ten (10) years after the date it became payable in accordance with the final determination or order providing for the refund.

Sec. 5. Any stock or other certificate of ownership, or any dividend, profit, distribution, interest, payment on principal, or other sum held or owing by a business association for or to a stockholder, certificate holder, member, bondholder, or other

security holder, or a participating patron of a co-operative, who has not claimed it, or corresponded in writing with the business association concerning it within ten (10) years after the date prescribed for payment or delivery, is presumed abandoned if:

1. It is held or owing by a business association organized under the laws of or created in this state.

2. It is held or owing by a business association doing business in this state but not organized under the laws of or created in this state and the records of the business association indicate that the last known address of the person entitled thereto is in this state.

Sec. 6. Except as provided in section four hundred ninety-six A point one hundred one (496A.101) of the Code, all intangible personal property distributable in the course of a voluntary dissolution of a business association, banking organization, or financial organization organized under the laws of or created in the state that is unclaimed by the owner within two (2) years after the date for final distribution is presumed abandoned.

Sec. 7. All intangible personal property and any income or increment thereon held in a fiduciary capacity for the benefit of another person is presumed abandoned unless the owner has within ten (10) years after it became payable or distributable increased or decreased the principal, accepted payment of principal or income, corresponded in writing concerning the property,

or otherwise indicated an interest as evidenced by a memorandum on file with the fiduciary if:

1. The property is held by a banking organization or a financial organization or a business association organized under the laws of or created in this state.

2. The property is held by a business association doing business in this state but not organized under the laws of or created in this state and the records of the business association indicate that the last known address of the person entitled thereto is in this state.

3. The property is held in this state by any other person.

Sec. 8. All intangible personal property held for the owner by any court, public corporation, public authority, public officer of this state or a political subdivision thereof, that has remained unclaimed by the owner for more than ten (10) years is presumed abandoned.

Sec. 9. All tangible and intangible personal property including money, stocks, bonds, securities, interest, bills of exchange, credits, dividends, deposits, income, certificates of membership in a corporation or association, amounts due and payable under the terms of any insurance policy, pension trust agreements, profit-sharing plans, credit balances on paid wages, security deposits, refunds, funds to redeem stocks and bonds, coupons and other securities, debts, and liquidated choses in action including any increment and deducting any lawful charges

not otherwise expressly provided for in sections two (2) through nine (9) of this Act that is held or owing in this state in the ordinary course of the holder's business and has remained unclaimed by the owner for more than ten (10) years after it became payable or distributable is presumed abandoned.

Sec. 10. If specific property which is subject to the provisions of sections two (2), three (3), five (5), six (6), seven (7), or nine (9) of this Act is held for or owed or distributable to an owner whose last known address is in another state by a holder who is subject to the jurisdiction of this state, the specific property is not presumed abandoned in this state and subject to this Act if:

1. The property may be claimed as abandoned or escheated under the laws of such other state.

2. The laws of such other state make reciprocal provision that similar specific property is not presumed abandoned or escheatable by such other state when held for or owed or distributable to an owner whose last known address is within this state by a holder who is subject to the jurisdiction of this state.

Sec. 11. Every person holding funds or other property, tangible or intangible, presumed abandoned under this Act shall report to the treasurer of state with respect to the property as hereinafter provided.

1. The report shall be verified and shall include:

a. The name, if known, and last known address, if any, of each person appearing from the records of the holder to be the owner of any property of the value of three (3) dollars or more presumed abandoned under this Act.

b. In case of unclaimed funds of life insurance corporations, the full name of the insured or annuitant and his last known address according to the life insurance corporation records.

c. The nature and identifying number, if any, or description of the property and the amount appearing from the records to be due except that items of value under three (3) dollars each may be reported in aggregate.

d. The date when the property became payable, demandable, or returnable and the date of the last transaction with the owner with respect to the property.

e. Other information which the treasurer of state prescribes by rule as necessary for the administration of this Act.

2. If the person holding property presumed abandoned is a successor to other persons who previously held the property for the owner or if the holder has changed his name while holding the property, he shall file with his report all prior known names and addresses of each holder of the property.

3. The report shall be filed before November 1 of each year as of June 30 next preceding, but the report of life insurance corporations shall be filed before May 1 of each year as of December 31 next preceding. The treasurer of state may postpone the reporting date upon written request by any person required

to file a report.

4. If the holder of property presumed abandoned under this Act knows the address of the owner and if the owner's claim has not been barred by the statute of limitations, the holder shall before filing the annual report communicate with the owner and take necessary steps to prevent abandonment from being presumed. The holder shall exercise due diligence to ascertain the address of the owner.

5. Verification if made by a partnership shall be executed by a partner; if made by an unincorporated association or private corporation, by an officer; and if made by a public corporation, by its chief fiscal officer.

6. The initial report filed under this Act shall include all items of property that are presumed abandoned under the provisions of this Act.

Sec. 12. Within one hundred twenty (120) days from the filing of the report required by section eleven (11) of this Act, the treasurer of state shall cause notice to be published at least once each week for two (2) successive weeks in a newspaper of general circulation in the county in this state in which is located the last known address of any person to be named in the notice. If no address is listed or if the address is outside this state, the notice shall be published in the county in which the holder of the abandoned property has his principal place of business within this state or in which he last resided.

1. The published notice shall be entitled "Notice of Names of Persons Appearing to be Owners of Abandoned Property" and shall contain:

a. The names in alphabetical order and last known addresses, if any, of persons listed in the report and entitled to notice within the county as specified in sections eleven (11) and twelve (12) of this Act.

b. A statement that information concerning the amount or description of the property and the name and address of the holder may be obtained by any persons possessing an interest in the property by addressing an inquiry to the treasurer of state.

c. A statement that if proof of claim is not presented by the owner to the holder and if the owner's right to receive the property is not established to the holder's satisfaction within sixty (60) days from the date of the second published notice, the abandoned property will be placed not later than ninety (90) days after such publication date in the custody of the treasurer of state to whom all further claims must thereafter be directed.

2. The treasurer of state is not required to publish in such notice any items having a value of less than twenty-five (25) dollars unless he deems such publication to be in the public interest.

3. Within one hundred twenty (120) days from the receipt of the report required by section eleven (11) of this Act, the

treasurer of state shall mail a notice to each person having an address listed therein who appears to be entitled to property of the value of twenty-five (25) dollars or more presumed abandoned under this Act.

4. The mailed notice shall contain:

a. A statement that according to a report filed with the treasurer of state property is being held to which the addressee appears entitled.

b. The name and address of the person holding the property and any necessary information regarding changes of name and address of the holder.

c. A statement that if satisfactory proof of claim is not presented by the owner to the holder by the date specified in the published notice the property will be placed in the custody of the treasurer of state to whom all further claims must be directed.

Sec. 13. Every person who has filed a report as provided by section eleven (11) of this Act shall within twenty (20) days after the time specified in section twelve (12) of this Act for claiming the property from the holder pay or deliver to the treasurer of state all abandoned property specified in the report except that if the owner establishes his right to receive the abandoned property to the satisfaction of the holder within the time specified in section twelve (12) of this Act or if it appears that for some other reason the presumption of abandonment

is erroneous the holder need not pay or deliver the property which will no longer be presumed abandoned, to the treasurer of state but in lieu thereof shall file a verified written explanation of the proof of claim or of the error in the presumption of abandonment.

Sec. 14. Upon the payment or delivery of abandoned property to the treasurer of state, the state shall assume custody and shall be responsible for the safekeeping thereof. Any person who pays or delivers abandoned property to the treasurer of state under this Act is relieved of all liability to the extent of the value of the property so paid or delivered for any claim which then exists or which thereafter may arise or be made in respect to the property. Any holder who has paid moneys to the treasurer of state under this Act may make payment to any person appearing to such holder to be entitled thereto and upon proof of such payment and proof that the payee was entitled thereto the treasurer of state shall forthwith reimburse the holder for the payment.

Sec. 15. When property is paid or delivered to the treasurer of state under this Act, the owner is not entitled to receive income or other increments accruing thereafter.

Sec. 16. The expiration of any period of time specified by statute or court order during which an action or proceeding may be commenced or enforced to obtain payment of a claim for money or recovery of property shall not prevent the money or property

from being presumed abandoned property nor affect any duty to file a report required by this Act or to pay or deliver abandoned property to the treasurer of state.

Sec. 17. All abandoned property other than money delivered to the treasurer of state under this Act shall within one (1) year after the delivery be sold by him to the highest bidder at public sale in whatever city in the state affords in his judgment the most favorable market for the property involved. The treasurer of state may decline the highest bid and reoffer the property for sale if he considers the price bid insufficient. He need not offer any property for sale if in his opinion the probable cost of sale exceeds the value of the property.

1. Any sale held under this section shall be preceded by a single publication of notice thereof at least three (3) weeks in advance of sale in a newspaper of general circulation in the county where the property is to be sold.

2. The purchaser at any sale conducted by the treasurer of state under this Act shall receive title to the property purchased free from all claims of the owner or prior holder thereof and of all persons claiming through or under them. The treasurer of state shall execute all documents necessary to complete the transfer of title.

Sec. 18. All funds received under this Act, including the proceeds from the sale of abandoned property under section seventeen (17) of this Act, shall be deposited by the treasurer

of state in the general fund of the state except that the treasurer shall retain in a separate trust fund an amount not exceeding twenty-five thousand (25,000) dollars from which he shall make prompt payment of claims duly allowed by him as provided by sections nineteen (19) and twenty (20) of this Act. Before making the deposit he shall record the name and last known address of each person appearing from the holders' reports to be entitled to the abandoned property and of the name and last known address of each insured person or annuitant and with respect to each policy or contract listed in the report of a life insurance corporation its number, the name of the corporation, and the amount due. The record shall be available for public inspection at all reasonable business hours.

Before making any deposit to the credit of the general fund, the treasurer of state may deduct:

1. Any costs in connection with sale of abandoned property.
2. Any costs of mailing and publication in connection with any abandoned property.
3. Reasonable service charges.

Sec. 19. Any person claiming an interest in any property delivered to the state under this Act may file a claim thereto or to the proceeds from the sale thereof on the form prescribed by the treasurer of state.

Sec. 20. The treasurer of state shall consider any claim filed under this Act and may hold a hearing and receive evidence

concerning it. If a hearing is held, he shall prepare a finding and a decision in writing on each claim filed stating the substance of any evidence heard by him and the reasons for his decision. The decision shall be public record.

If the claim is allowed, the treasurer of state shall make payment forthwith. The claim shall be paid without deduction for costs of notice or sale or for service charges.

Sec. 21. Any person aggrieved by a decision of the treasurer of state or as to whose claim the treasurer of state has failed to act within ninety (90) days after the filing of the claim may commence an action in the district court of Polk County to establish his claim. The proceeding shall be brought within ninety (90) days after the decision of the treasurer of state or within one hundred eighty (180) days from the filing of the claim if the treasurer of state fails to act. The action shall be tried de novo without a jury.

Sec. 22. The treasurer of state after receiving reports of property deemed abandoned pursuant to this Act may decline to receive any property reported which he deems to have a value less than the cost of giving notice and holding sale or he may, if he deems it desirable because of the small sum involved, postpone taking possession until a sufficient sum accumulates. Unless the holder of the property is notified to the contrary within one hundred twenty (120) days after filing the report required under section eleven (11) of this Act, the treasurer

of state shall be deemed to have elected to receive the custody of the property.

Sec. 23. The treasurer of state may at reasonable times and upon reasonable notice examine the records of any person if he has reason to believe that such person has failed to report property that should have been reported under this Act.

Sec. 24. If any person refuses to deliver property to the treasurer of state as required under this Act, the treasurer of state shall bring an action in a court of appropriate jurisdiction to enforce such delivery.

Sec. 25. Any person who wilfully fails to render any report or perform other duties required under this Act shall be punished by a fine of twenty-five (25) dollars for each day such report is withheld, but not more than five hundred (500) dollars.

Any person who wilfully refuses to pay or deliver abandoned property to the treasurer of state as required under this Act shall be punished by a fine of not less than eight hundred (800) dollars nor more than one thousand (1,000) dollars or imprisonment for not more than six (6) months or both in the discretion of the court.

Sec. 26. The treasurer of state is hereby authorized to make necessary rules and regulations to carry out the provisions of this Act.

Sec. 27. This Act shall not apply to any property that has been presumed abandoned or escheated under the laws of another

state prior to the effective date of this Act.

Sec. 28. This Act may be cited as the Uniform Disposition of Unclaimed Property Act.

Sec. 29. Sections six hundred eighty-two point thirty-nine (682.39) through six hundred eighty-two point forty-four (682.44), Code 1962, are hereby repealed.

EXPLANATION

The increasing cost of the administration of state government is recognized as a stimulus for searching out additional revenue sources. The specific objective of this bill is that of increasing state revenue--without increasing taxes or administrative costs--by making "unclaimed" funds available to the state of Iowa and at the same time protecting the present and future interests of the rightful owner or claimant to the property.

"Unclaimed funds" is a shorthand expression for bank deposits, life insurance proceeds, dividends from corporations and loan associations and other personal property over which the owner has exercised no domination for the period of ten years. The bill is aimed at the Iowa owner with funds held or owed by a corporation doing business in the state of Iowa and at the corporation created under the laws of the state of Iowa which holds or owes the described funds.

The particular bill was developed from the Uniform Unclaimed

Property Act and follows the provisions of that act with only minor modifications. Similar legislation has been adopted in other states with apparent success--as an example: the state of New York, over a twelve-year period from 1944 to 1956, has accumulated a fund in the amount of approximately \$34,000,000 as a result of the particular legislation.

During the past years this type of legislation has been adopted by the states of Virginia, California, New Mexico, Oregon, Utah, Arizona, and Washington.

APPENDIX XIV

A BILL FOR

An Act relating to moneys and credits.

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

Section 1. Section four hundred twenty-nine point two (429.2), Code 1962, is hereby amended as follows:

1. By striking from lines eighteen (18) through twenty (20) the words "upon the uniform basis throughout the state of five mills on the dollar of actual valuation" and inserting in lieu thereof the words "as provided in section thirty-five B point eleven (35B.11) of the Code".

2. By adding the following new paragraph:

"The tax provided for in section four hundred thirty point seven (430.7) of the Code and the moneys and credits tax on corporations and associations as defined in section four hundred thirty-two point eight (432.8) of the Code shall be at the rate of five (5) mills on the dollar of actual valuation."

Sec. 2. Section four hundred twenty-nine point fourteen (429.14), Code 1962, is repealed.

EXPLANATION

The purpose of this bill is to do away with the moneys and credits tax for individuals, except for the levy to retire the Korean Bonus Bonds.

APPENDIX XV

A BILL FOR

An Act creating the office of state assessor and a state board of review and prescribing their powers and duties.

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

Section 1. There hereby is created the office of state assessor.

Sec. 2. The state assessor shall be appointed by the governor with the consent of two-thirds (2/3) of the senate in executive session.

Sec. 3. The person appointed as state assessor shall possess knowledge of property values and skill in matters pertaining thereto.

Sec. 4. The state assessor, while holding such office, shall not hold any other office under the laws of the United States or of this state or any other state. He shall devote his entire time to the duties of his office and shall not hold any other position of profit, engage in any occupation or business interfering with or inconsistent with his duties, or serve on or under any committee of any political party or contribute to the campaign fund of any person or political party.

Sec. 5. The state assessor shall serve until a successor is duly appointed except as otherwise provided herein. He may be removed from office by the appointment of a successor by the governor with consent of two-thirds (2/3) of the senate in executive session, or the term may be vacated by the senate in like manner on its own initiative, in which event the vacancy shall be filled as provided herein.

Sec. 6. If a vacancy occurs when the general assembly is not in regular session, the governor shall appoint a person to fill the vacancy. The appointee shall hold his office until the first Monday in February during the next biennial session of the general assembly, when, if such appointment is not confirmed by the senate, the office shall become vacant and on or before the last Monday of the same month, the governor, with the consent of two-thirds (2/3) of the members of the senate in executive session shall appoint a suitable person to fill such vacancy. The person appointed to fill a vacancy shall take his office immediately upon qualifying.

Sec. 7. The state assessor may appoint not to exceed three (3) deputy assessors who may be placed in charge of various divisions or classes of assessable property, or assigned any other duties as the state assessor may determine, and may assist and advise the state assessor in forming rules and regulations, making decisions and assessments, and anything pertaining to the duties of this office, but nothing herein shall relieve the state assessor of full control of and responsibility for his office.

In addition the state assessor shall appoint assistants in such numbers as deemed necessary, with qualifications similar to those required for the state assessor, who shall be assigned to work directly with local assessors and assessing authorities to assist in making assessments if necessary, and to assure uniform application of the assessment laws, rules and regulations in order to obtain equalization of tax valuations throughout the state.

Sec. 8. The state assessor, his deputies and assistant assessors shall receive salaries as fixed by the general assembly, but said salaries shall be such as to obtain competent and qualified persons.

Sec. 9. The state assessor may employ such other personnel to perform the duties of his office as may be necessary within the limits for which money has been provided by appropriation.

At the time this Act becomes effective, all employees of the state tax commission as provided in chapter four hundred twenty-one (421) of the Code, who are performing duties of assessment, together with files, records, and office machines and equipment shall be transferred to the state assessor, and unless appropriations have been provided for by the general assembly, the comptroller shall determine what portion of the appropriations made to the state tax commission shall be transferred to the state assessor. This shall be in addition to appropriations made by the general assembly for the state assessor and his deputies as provided in section eight (8) of this Act.

Sec. 10. All powers, duties and control over assessments of all property in the state are hereby transferred from the state tax commission to the state assessor. The state assessor shall have, assume, and perform the following powers and duties:

1. To have and exercise general supervision and complete control and authority over all assessments of real and personal property subject to taxation, over boards of supervisors, conference boards, local boards of review, county and city assessors and all other officers or boards of assessment and levy in performance of their official duties, in all matters relating to assessments and levies, any other provisions of the law to the contrary including chapter four hundred forty-one (441) of the Code.

2. To assure equal and just evaluations of all property in the state, and all classes thereof, in each and every taxing district and between and among the several taxing districts in the state.

3. To assist and supervise the activities and assessments of all assessors and local boards of review; to review any or all assessments to assure equalization of valuations and assessments to order the reassessment of all or part of the property in any taxing district in any year. Such assessments shall be made by the local assessors according to law and rules and regulations promulgated under this Act under the direction of the state assessor, and the costs thereof shall be paid in the same manner as the cost of making the original assessment.

To assure just and equal assessments, the state assessor may suspend any local assessor who fails to perform his duties under the directions of the state assessor or for any other reason. When any local assessor is suspended by the state assessor, the state assessor shall provide whatever personnel is essential to perform such directions and functions, and the costs thereof shall be paid by the local taxing and assessment district. If deemed necessary, the state assessor may request or direct the local conference board to remove and replace an assessor, and may resort to a writ or mandamus in the local district court for this purpose.

4. For purposes of effecting uniformity and equalization of assessments and taxable values throughout the state, the state assessor shall forthwith prescribe rules and regulations not contrary to law relating to standards of value to be used by assessing authorities in the determination of actual values for assessment purposes of all property subject to taxation, and may amend same at any time, and such rules and regulations shall be adhered to and followed by all assessing authorities.

5. To prescribe and promulgate all forms of books and forms to be used in the listing and assessment of property, and on or before November 1 of each year shall furnish to the county auditor of each county such prescribed forms of assessment and other forms to properly list and assess all property subject to taxation in each county. He shall also from time to time prepare and furnish in like manner forms for any and all other blanks,

memoranda or instructions which he deems necessary or expedient for the use or guidance of any of the officers over whom he is authorized by law to exercise supervision.

6. To direct proceedings, actions, and prosecutions to be instituted for the enforcement of the laws relating to penalties, liabilities, and punishment of public officers and officers or agents of corporations, and other persons or corporations, for failure or neglect to comply with the provisions of the statutes governing the return, assessment and taxation of property; to make or cause to be made complaints against members of boards of review, boards of supervisors or other assessing, reviewing, or taxing officers for official misconduct or neglect of duty. Provided, that neither the state assessor nor his employees shall during their regular hours of employment engage in the preparation of tax returns for individuals or corporations, except in connection with a regular audit thereof.

7. To require city, town, township, school districts, county, state, or other public officers to report information as to the assessment of property and collection of taxes in conjunction therewith and such other information as may be needful or desirable in the work of the assessor in such form and upon such blanks as the state assessor may prescribe, whether such information is in regard to taxable property or otherwise.

The state assessor shall require all county recorders and city and county assessors to prepare a quarterly report in the manner and form to be prescribed by the state assessor showing for each warranty deed or contract of sale of real estate,

divided between rural and urban, during the last completed quarter the amount of revenue stamps, sale price or consideration, and equalized value at which that property was assessed that year. This report with such further information as may be required by the state assessor shall be submitted to the state assessor within sixty (60) days after the end of each quarter. The state assessor shall prepare annual summaries of such records of the ratio of assessments to actual sales prices for all counties, and for cities having city assessors, and such information for the preceding year shall be available for public inspection by May 1.

8. To hold public hearings either at the seat of government or elsewhere in the state, and tax the costs thereof; to summon and compel witnesses to appear and give testimony, to administer oaths to said witnesses, and to compel said witnesses to produce for examination records, books, papers, and documents relating to any matter which the state assessor shall have the authority to investigate or determine. However, no bank or loan and trust company or its officers or employees shall be required to divulge knowledge concerning the property of any person when such knowledge was obtained through information imparted as a part of a business transaction with or for such person and in the usual and ordinary course of business of said bank or loan and trust company and was necessary and proper to the discharge of the duty of said bank or loan and trust company in relation to such business transaction. This exception shall be additional to other provisions of the law relating to confidential and privileged communications.

9. To cause the depositions of witnesses residing within or without the state, or absent therefrom, to be taken either on written or oral interrogatories, and the clerk of the district court of any county shall upon the order of the state assessor issue a commission for the taking of such depositions. The proceedings therefor shall be the same as the proceedings of the taking of depositions in the district court so far as applicable.

10. To investigate the work and methods of boards of review, boards of supervisors, or other public officers, in the assessment, equalization, and taxation of all kinds of property, real or personal, and for that purpose the state assessor or his employees may visit the counties or localities when deemed necessary so to do.

11. To require any board of review at any time after its adjournment to reconvene and to make such orders as the state assessor shall determine are just and necessary; to direct and order any county board of equalization to raise or lower the valuation of the property, real or personal, in any township, town, city, or taxing district, to order and direct any county board of equalization to raise or lower the valuation of any class or classes of property in any township, town, city or taxing district, and generally to make any order or direction to any county board of equalization as to the valuation of any property or any class of property, in any township, town, city, county, or taxing district which in the judgment of the state assessor may seem just and necessary, to the end that all property shall be valued and assessed equally in the manner and according to the real intent of the law.

In addition thereto, the state assessor shall have authority to order the county auditor to raise or lower levies of assessment and taxation with respect to any property or classes thereof, for all or any part of any property in any taxing district or districts within such county.

The state assessor shall have the power to correct errors or obvious injustices in the assessment of any individual property. Any increase in individual valuations ordered by the state assessor shall be subject to the right of appeal to the courts under the same procedure as that provided in the case of increases made by local boards of review.

The state assessor shall have the power to order and make effective reassessments or revaluations including the foregoing in any taxing district as to taxes levied during the current year for collection the following year, and he shall in each and every year order uniform increases or decreases of all or any part of any property or upon any class of property within any taxing district in the state, to assure equalization of assessments and property valuations for taxation purposes throughout the state, such orders to be effective as to taxes levied during the current year for collection during the following year.

12. To carefully examine into all cases where evasion or violation of the law for assessment and taxation of property is alleged, complained of, or discovered, and to ascertain wherein existing laws are defective or are improperly or negligently administered, and cause to be instituted such proceedings as

will remedy improper or negligent administration of the laws relating to the assessment or taxation of property.

13. To make a summary of the tax situation in the state, setting out the amount of moneys raised by property taxes and moneys and credits tax if subject to taxation; and also to formulate and recommend legislation for the better administration of the assessing and taxing laws pertaining thereto so as to secure just and equal taxation. To recommend such additions to and changes in the system of assessment and property taxation that in his judgment is for the best interest of the state, and to transmit biennially to the governor and to each member and member-elect of the legislature, thirty (30) days before the meeting of the legislature, the report disclosing such summary.

14. To procure in such manner as the state assessor may determine any information pertaining to the discovery of property which is subject to taxation in this state, and which may be obtained from the records of another state, and may furnish to the board or proper officers of another state, any information pertaining to the discovery of property which is subject to taxation in such state as disclosed by the records in this state.

15. To call upon any state department or institution for technical advice and data which may be of value in connection with the work of assessment and property taxation.

16. To certify to the state comptroller on January 1 of each year the aggregate of each state tax for each county for said year.

17. It shall be the duty of all public officers of the state and of all municipalities to give to the state assessor information in their possession relating to taxation when required by the state assessor, and to co-operate with and aid the state assessor in his efforts to secure a fair, equitable, and just enforcement of the assessment and taxation laws.

18. In addition to the assessments to be made by the state assessor as provided by law, the state assessor directly or by directions, and under uniform rules and regulations, shall assess all manufacturing, processing and fabricating industries in the state of Iowa.

Sec. 11. The state assessor shall by September 1 of each year, fix a uniform rate of assessed values at which real and personal property shall be taxed, for taxes which will be paid the following year, which rate shall be uniform for various classes of property for and in all taxing districts throughout the state, and which assessed valuation shall not exceed twenty-five (25) percent of market value as determined by section four hundred forty-one point twenty-one (441.21) of the Code.

Sec. 12. There is hereby created a state board of review, referred to in this Act as the board, consisting of three (3) members, no more than one (1) of whom shall be from any congressional district, for a term of six (6) years, with one (1) to be appointed each two (2) years. The terms of the first members shall be adjusted accordingly. The members of said board shall have qualifications comparable to the state assessor

as provided by this Act and shall be appointed by the governor with consent of two-thirds (2/3) of the senate in executive session. If a vacancy occurs when the general assembly is not in regular session, the governor shall appoint a person to fill the vacancy in the same manner and by the same terms as provided by section six (6) of this Act for filling a vacancy in the office of state assessor. The members shall select their own chairman.

Sec. 13. Each member of said board shall receive compensation on a per diem basis as fixed by the general assembly for the number of days required to perform its duties, but not less than fifty (50) dollars per day plus expenses, but no expenses shall be allowed any member while performing his duties within the county of his residence.

Sec. 14. It shall be the duty of the board to conduct hearings on all matters properly submitted to it. Any order, ruling, directive, action, assessments, valuations, or levies made by the state assessor may be appealed to the board. As a result thereof, the board may issue any order, directive, or decision which will be just and proper within the intent and purposes of the law.

1. Such appeal, which shall be referred to as a complaint, may be brought by any officer of a county, city, town, township or school district interested.

2. It shall be the duty of the county attorney of the county in which such complaint originates to represent such officer

upon request, or in any other action in which such officer is involved.

3. Any taxpayer other than a public officer of any such taxing district may also in the same manner bring a complaint in any said cause on his own behalf, or on behalf of any or all the taxpayers of a taxing district or of the state, or on behalf of any classes of taxpayers thereof. This appeal is in addition to a taxpayer's right of appeal to the local board of assessment and review, or to the district court as provided in chapter four hundred forty-one (441) of the Code.

4. No more than one (1) complaint may be made for any one (1) cause in a single year, but any official or taxpayer may join in such action.

5. The board shall hear such complaint in the county in which such cause arises or in which the taxing district is located or in which the complainant resides if a resident of Iowa, if requested by the complainant; otherwise it shall be heard at the seat of the state government.

6. In any hearing of such complaint, the state assessor shall show cause why such complainant shall not prevail, and he shall furnish any records or other information demanded by the complainant or the board which shall assist in a just and fair decision by the board.

7. The state assessor shall be represented by the attorney general in any complaint or action in which he is involved, upon request.

8. The complaint shall be instituted by serving notice thereof by certified mail to the attorney general, who shall notify the chairman of the board. The complaint shall set forth the status of the persons interested, the cause of the complaint, and any other matters pertaining thereto. The board shall set the time of hearing, not to exceed thirty (30) days from the time of filing the complaint, but said hearing may be extended to permit furnishing of additional information, witnesses or other evidence to facilitate a determination of the complaint. The board may issue subpoenas, administer oaths, and shall conduct its hearings as in a district court so far as such procedure shall be practicable.

9. The board shall employ a reporter who shall keep a complete record of all matters, testimony, actions, orders, directives, or otherwise, and upon appeal to a district court shall prepare a complete transcript of the matters which are the subject of appeal which shall be forwarded to the proper court.

10. So far as there is no conflict with the interests of the state assessor, the attorney general shall enforce all actions and decisions of the board. In event of conflict, the board may engage independent counsel as may be deemed necessary and reasonable to enforce its actions and decisions.

11. Any action, order, directive or decision of the board may be appealed to the district court, which shall hold a hearing on said cause within thirty (30) days after notice of appeal and shall prescribe notices to persons interested. The district court may hear the matter on the record transcribed from the

board, or may hear the matter de novo as may be deemed just and equitable, or as determined by the appellant. The court may also appoint a fact finder to determine the facts upon which to base a just and equitable decision. Any person so appointed by the court shall have access to all records and other information necessary and any and all officials shall co-operate with and assist him in his assignment.

12. Upon appeal from any judgment or decree of the district court, the supreme court shall hear said cause as expeditiously as feasible in the public interest.

13. The state assessor shall provide office space, equipment, personnel, and any other assistance to the board which will enable it to perform its functions, and with the assistance of the board shall request sufficient funds in his budget for appropriations.

Sec. 15. Section four hundred twenty-one point seventeen (421.17), Code 1962, is hereby repealed and the following enacted in lieu thereof:

"The state tax commission shall have the authority, powers and duties provided by law over the collection of taxes. In addition, in order to perform its functions, the commission shall have the following powers and duties:

1. To hold public hearings either at the seat of government or elsewhere in the state, and tax the costs thereof; to summon and compel witnesses to appear and give testimony, to administer oaths to said witnesses, and to compel said witnesses to produce for examination records, books, papers, and documents relating

to any matter which the commission shall have the authority to investigate or determine. However, no bank or loan and trust company or its officers or employees shall be required to divulge knowledge concerning the property of any person when such knowledge was obtained through information imparted as a part of a business transaction with or for such person and in the usual and ordinary course of business of said bank or loan and trust company, and was necessary and proper to the discharge of the duty of said bank or loan and trust company in relation to such business transaction. This proviso shall be additional to other provisions of the law relating to confidential and privileged communications.

2. The commission may cause the depositions of witnesses residing within or without the state, or absent therefrom, to be taken either on written or oral interrogatories, and the clerk of the district court of any county shall upon the order of the commission issue a commission for the taking of such depositions. The proceedings therefor shall be the same as the proceedings for the taking of depositions in the district court so far as applicable.

3. To make a summary of the tax situation in the state, setting out the amount of moneys raised by both direct and indirect taxation; and also to formulate and recommend legislation for the better administration of the fiscal laws so as to secure just and equal taxation. To recommend such additions to and changes in the present system of taxation that in its judgment

are for the best interest of the state and will eliminate the necessity of any millage levy for state purposes.

4. To transmit biennially to the governor and to each member and member-elect of the legislature, thirty (30) days before the meeting of the legislature, the report of the commission covering the subject of taxation and the collection of taxes, the result of the investigation of the commission, its recommendations for improvement in the system of taxation in the state, together with such measures as may be formulated for the consideration of the legislature.

5. To publish in pamphlet form the revenue laws of the state.

Sec. 16. Section four hundred twenty-one point thirteen (421.13), Code 1962, is hereby amended by striking subsections two (2), three (3), and four (4).

Sec. 17. Section four hundred twenty-eight point twenty-four (428.24), Code 1962, is hereby amended by striking from lines fifteen (15) and sixteen (16) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 18. Section four hundred twenty-eight point twenty-five (428.25), Code 1962, is hereby amended by striking from line nine (9) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 19. Section four hundred twenty-eight point twenty-six (428.26), Code 1962, is hereby amended by striking from line eleven (11) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 20. Section four hundred twenty-eight point twenty-eight (428.28), Code 1962, is hereby amended by striking from line nine (9) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 21. Section four hundred twenty-eight point twenty-nine (428.29), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the word "commission" and inserting in lieu thereof the word "assessor".

2. By striking all after the word "determined" in line eleven (11) of such section and inserting in lieu thereof the words "as provided by section eleven (11) of this Act."

Sec. 22. Section four hundred twenty-eight point thirty (428.30), Code 1962, is hereby amended by striking from line four (4) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 23. Section four hundred twenty-eight point thirty-one (428.31), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the word "commission" and inserting in lieu thereof the word "assessor".

2. By striking from line six (6) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 24. Section four hundred twenty-eight point thirty-two (428.32), Code 1962, is hereby amended as follows:

1. By striking from line three (3) the word "commission" and inserting in lieu thereof the word "assessor".

2. By striking from line six (6) the word "commission" and inserting in lieu thereof the words "state assessor".

3. By striking from line nine (9) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 25. Section four hundred twenty-eight point thirty-three (428.33), Code 1962, is hereby amended by striking from lines two (2) and three (3) the word "commission" and inserting in lieu thereof the words "state assessor".

Sec. 26. Section four hundred twenty-eight point thirty-five (428.35), Code 1962, is hereby amended by striking from line thirteen (13) of subsection three (3) of such section the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 27. Section four hundred thirty A point five (430A.5), Code 1962, is hereby amended as follows:

1. By striking from line one (1) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line eight (8) the words "tax commission" and inserting in lieu thereof the word "assessor".

3. By striking from line twelve (12) the words "tax commission" and inserting in lieu thereof the word "assessor".

4. By striking from line seventeen (17) the words "tax commission" and inserting in lieu thereof the word "assessor".

5. By striking from line twenty-four (24) the words "tax commission" and inserting in lieu thereof the word "assessor".

6. By striking from line thirty (30) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 28. Section four hundred thirty-three point one (433.1), Code 1962, is hereby amended by striking from lines four (4) and five (5) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 29. Section four hundred thirty-three point two (433.2), Code 1962, is hereby amended by striking from line three (3) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 30. Section four hundred thirty-three point three (433.3), Code 1962, is hereby amended as follows:

1. By striking from line three (3) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line ten (10) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 31. Section four hundred thirty-three point four (433.4), Code 1962, is hereby amended by striking from lines one (1) and two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 32. Section four hundred thirty-three point five (433.5), Code 1962, is hereby amended by striking from lines one (1) and two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 33. Section four hundred thirty-three point seven (433.7), Code 1962, is hereby amended by striking from line four (4) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 34. Section four hundred thirty-three point eight (433.8), Code 1962, is hereby amended as follows:

1. By striking from line one (1) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line nine (9) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 35. Section four hundred thirty-three point nine (433.9), Code 1962, is hereby amended by striking from line ten (10) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 36. Section four hundred thirty-four point one (434.1), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line twelve (12) the word "commission" and inserting in lieu thereof the word "assessor".

3. By striking from line four (4) of subsection eight (8) of such section the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 37. Section four hundred thirty-four point two (434.2), Code 1962, is hereby amended as follows:

1. By striking from lines two (2) and three (3) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from lines five (5) and six (6) the words "tax commission" and inserting in lieu thereof the word "assessor".

3. By striking from lines seventeen (17) and eighteen (18) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 38. Section four hundred thirty-four point three (434.3), Code 1962, is hereby amended as follows:

1. By striking from lines three (3) and four (4) the word "commission" and inserting in lieu thereof the word "assessor".

2. By striking from line seven (7) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 39. Section four hundred thirty-four point four (434.4), Code 1962, is hereby amended by striking from line nine (9) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 40. Section four hundred thirty-four point five (434.5), Code 1962, is hereby amended by striking from lines one (1) and two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 41. Section four hundred thirty-four point seven (434.7), Code 1962, is hereby amended by striking from line two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 42. Section four hundred thirty-four point eight (434.8), Code 1962, is hereby amended as follows:

1. By striking from lines one (1) and two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line eight (8) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 43. Section four hundred thirty-four point nine (434.9), Code 1962, is hereby amended by striking from lines one (1) and two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 44. Section four hundred thirty-four point eleven (434.11), Code 1962, is hereby amended as follows:

1. By striking from line three (3) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line eight (8) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 45. Section four hundred thirty-four point twelve (434.12), Code 1962, is hereby amended as follows:

1. By striking from lines four (4) and five (5) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from lines seven (7) and eight (8) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 46. Section four hundred thirty-four point fourteen (434.14), Code 1962, is hereby amended as follows:

1. By striking from lines one (1) and two (2) the word "commission" and inserting in lieu thereof the word "assessor".

2. By striking from line eleven (11) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 47. Section four hundred thirty-four point fifteen (434.15), Code 1962, is hereby amended as follows:

1. By striking from line fourteen (14) the word "commission" and inserting in lieu thereof the word "assessor".

2. By striking from line eighteen (18) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 48. Section four hundred thirty-four point sixteen (434.16), Code 1962, is hereby amended by striking from line one (1) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 49. Section four hundred thirty-four point seventeen (434.17), Code 1962, is hereby amended by striking from line three (3) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 50. Section four hundred thirty-four point twenty-two (434.22), Code 1962, is hereby amended by striking from lines ten (10) and eleven (11) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 51. Section four hundred thirty-five point four (435.4), Code 1962, is hereby amended as follows:

1. By striking from line seven (7) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line twelve (12) of subsection seven (7) of such section the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 52. Section four hundred thirty-five point five (435.5), Code 1962, is hereby amended by striking from line two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 53. Section four hundred thirty-five point six (435.6), Code 1962, is hereby amended by striking from line three (3) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 54. Section four hundred thirty-five point seven (435.7), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".
2. By striking from line thirteen (13) the words "tax commission" and inserting in lieu thereof the word "assessor".
3. By striking from line fifteen (15) the word "commission" and inserting in lieu thereof the word "assessor".
4. By striking from line seventeen (17) the word "commission" and inserting in lieu thereof the word "assessor".
5. By striking from line nineteen (19) the word "commission" and inserting in lieu thereof the word "assessor".
6. By striking from line twenty-three (23) the word "commission" and inserting in lieu thereof the word "assessor".
7. By striking from lines twenty-six (26) and twenty-seven (27) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 55. Section four hundred thirty-five point eight (435.8), Code 1962, is hereby amended as follows:

1. By striking from line one (1) the word "commission" and inserting in lieu thereof the word "assessor".
2. By striking from lines twelve (12) and thirteen (13) the words "tax commission" and inserting in lieu thereof the word "assessor".
3. By striking from line fifteen (15) the words "tax commission" and inserting in lieu thereof the word "assessor".
4. By striking from lines nineteen (19) and twenty (20) the words "tax commission" and inserting in lieu thereof the word "assessor".
5. By striking from line twenty-one (21) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 56. Section four hundred thirty-six point three (436.3), Code 1962, is hereby amended by striking from lines four (4) and five (5) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 57. Section four hundred thirty-six point four (436.4), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".
2. By striking from line eight (8) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 58. Section four hundred thirty-six point five (436.5), Code 1962, is hereby amended as follows:

1. By striking from line three (3) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line eleven (11) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 59. Section four hundred thirty-six point six (436.6), Code 1962, is hereby amended as follows:

1. By striking from line one (1) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from lines nine (9) and ten (10) the words "tax commission" and inserting in lieu thereof the word "assessor".

3. By striking from line twelve (12) the word "commission" and inserting in lieu thereof the word "assessor".

4. By striking from line thirteen (13) the word "commission" and inserting in lieu thereof the word "assessor".

5. By striking from line seventeen (17) the word "commission" and inserting in lieu thereof the word "assessor".

6. By striking from line twenty-one (21) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 60. Section four hundred thirty-six point seven (436.7), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line fifteen (15) the word "commission" and inserting in lieu thereof the word "assessor".

3. By striking from lines twenty-three (23) and twenty-four (24) the words "tax commission" and inserting in lieu thereof the word "assessor".

4. By striking from line thirty-seven (37) the words "tax commission" and inserting in lieu thereof the word "assessor".

5. By striking from line forty-eight (48) the words "tax commission" and inserting in lieu thereof the word "assessor".

6. By striking from line sixty-seven (67) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 61. Section four hundred thirty-six point eight (436.8), Code 1962, is hereby amended by striking from line one (1) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 62. Section four hundred thirty-six point nine (436.9), Code 1962, is hereby amended as follows:

1. By striking from line one (1) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from lines eleven (11) and twelve (12) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 63. Section four hundred thirty-seven point two (437.2), Code 1962, is hereby amended by striking from lines eight (8) and nine (9) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 64. Section four hundred thirty-seven point four (437.4), Code 1962, is hereby amended by striking from line three (3) the

words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 65. Section four hundred thirty-seven point five (437.5), Code 1962, is hereby amended as follows:

1. By striking from lines eight (8) and nine (9) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line fifteen (15) the words "tax commission" and inserting in lieu thereof the word "assessor".

3. By striking from line twenty-one (21) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 66. Section four hundred thirty-seven point six (437.6), Code 1962, is hereby amended as follows:

1. By striking from lines one (1) and two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line eighteen (18) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 67. Section four hundred thirty-seven point seven (437.7), Code 1962, is hereby amended by striking from lines two (2) and three (3) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 68. Section four hundred thirty-seven point eight (437.8), Code 1962, is hereby amended by striking from line four (4) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 69. Section four hundred thirty-seven point nine (437.9), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line eleven (11) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 70. Section four hundred thirty-seven point ten (437.10), Code 1962, is hereby amended by striking from lines ten (10) and eleven (11) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 71. Section four hundred thirty-seven point twelve (437.12), Code 1962, is hereby amended by striking from line three (3) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 72. Section four hundred thirty-eight point two (438.2), Code 1962, is hereby amended as follows:

1. By striking from line eight (8) the word "commission" and inserting in lieu thereof the word "assessor".

2. By striking from lines nine (9) and ten (10) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 73. Section four hundred thirty-eight point three (438.3), Code 1962, is hereby amended as follows:

1. By striking from line five (5) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line four (4) of subsection nine (9) of such section the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 74. Section four hundred thirty-eight point four (438.4), Code 1962, is hereby amended as follows:

1. By striking from line three (3) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line five (5) the words "tax commission" and inserting in lieu thereof the word "assessor".

3. By striking from line fourteen (14) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 75. Section four hundred thirty-eight point five (438.5), Code 1962, is hereby amended as follows:

1. By striking from line four (4) the word "commission" and inserting in lieu thereof the word "assessor".

2. By striking from line seven (7) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 76. Section four hundred thirty-eight point six (438.6), Code 1962, is hereby amended by striking from line nine (9) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 77. Section four hundred thirty-eight point seven (438.7), Code 1962, is hereby amended by striking from line two (2) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 78. Section four hundred thirty-eight point eight (438.8), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line six (6) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 79. Section four hundred thirty-eight point nine (438.9), Code 1962, is hereby amended as follows:

1. By striking from lines one (1) and two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from lines eight (8) and nine (9) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 80. Section four hundred thirty-eight point ten (438.10), Code 1962, is amended as follows:

1. By striking from line three (3) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line eight (8) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 81. Section four hundred thirty-eight point eleven (438.11), Code 1962, is hereby amended as follows:

1. By striking from line five (5) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line seven (7) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 82. Section four hundred thirty-eight point twelve (438.12), Code 1962, is hereby amended as follows:

1. By striking from line one (1) the word "commission" and inserting in lieu thereof the word "assessor".

2. By striking from lines ten (10) and eleven (11) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 83. Section four hundred thirty-eight point thirteen (438.13), Code 1962, is hereby amended as follows:

1. By striking from line fourteen (14) the word "commission" and inserting in lieu thereof the word "assessor".

2. By striking from lines eighteen (18) and nineteen (19) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 84. Section four hundred thirty-eight point fourteen (438.14), Code 1962, is hereby amended by striking from line one (1) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 85. Section four hundred thirty-eight point fifteen (438.15), Code 1962, is hereby amended by striking from line ten (10) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 86. Section four hundred thirty-nine point one (439.1), Code 1962, is hereby amended as follows:

1. By striking from line seven (7) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line eight (8) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 87. Section four hundred thirty-nine point two (439.2), Code 1962, is hereby amended as follows:

1. By striking from line four (4) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from lines seven (7) and eight (8) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 88. Section four hundred forty point one (440.1), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line five (5) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 89. Section four hundred forty point four (440.4), Code 1962, is hereby amended by striking from lines three (3) and four (4) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 90. Section four hundred forty point five (440.5), Code 1962, is hereby amended as follows:

1. By striking from line three (3) the word "commission" and inserting in lieu thereof the word "assessor".

2. By striking from line four (4) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 91. Section four hundred forty point six (440.6), Code 1962, is hereby amended by striking from line three (3) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 92. Section four hundred forty point seven (440.7), Code 1962, is hereby amended as follows:

1. By striking from line three (3) the word "commission" and inserting in lieu thereof the word "assessor".

2. By striking from line five (5) the word "commission" and inserting in lieu thereof the word "assessor".

Sec. 93. Section four hundred forty-one point five (441.5), Code 1962, is hereby amended as follows:

1. By striking from line thirteen (13) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line twenty-two (22) the words "tax commission" and inserting in lieu thereof the word "assessor".

3. By striking from line twenty-three (23) the words "tax commission" and inserting in lieu thereof the word "assessor".

4. By striking from lines twenty-seven (27) and twenty-eight (28) the words "tax commission" and inserting in lieu thereof the word "assessor".

5. By striking lines thirty-nine (39) and forty (40) and inserting in lieu thereof the following:

"Only persons who have been residents of and domiciled in the state of Iowa for at least sixty (60) days before the date fixed for the written examination shall be eligible to take this examination."

6. By striking from line forty-one (41) the words "tax commission" and inserting in lieu thereof the word "assessor".

7. By striking from line forty-seven (47) the words "tax commission" and inserting in lieu thereof the word "assessor".

8. By striking from line fifty (50) the words "tax commission" and inserting in lieu thereof the word "assessor".

9. By striking from line fifty-seven (57) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 94. Section four hundred forty-one point six (441.6), Code 1962, is hereby amended as follows:

1. By striking from line twelve (12) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By inserting in line six (6) after the word "assessor" the sentence:

"No person shall be appointed who has not been certified as qualified by the state assessor."

Sec. 95. Section four hundred forty-one point ten (441.10), Code 1962, is hereby amended as follows:

1. By striking from lines eight (8) and nine (9) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from lines fourteen (14) and fifteen (15) the words "tax commission" and inserting in lieu thereof the word "assessor".

3. By striking from lines twenty-nine (29) and thirty (30) the words "tax commission" and inserting in lieu thereof the word "assessor".

4. By striking from line thirty-three (33) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 96. Section four hundred forty-one point seventeen (441.17), Code 1962, is hereby amended as follows:

1. By inserting in line six (6) of subsection two (2) of such section after the word "law" the following:

"; except that all property exempt from taxation as provided

by section four hundred twenty-seven point one (427.1), subsection eleven (11), shall be listed and valued as other real property, and the name of the owner, description to identify same, and the value thereof for each property shall be published in the county where located by April 1 of each year, and the same shall be furnished to the state assessor together with such additional information and on such forms as he may require."

2. By striking from line one (1) of subsection four (4) of such section the words "tax commission" and inserting in lieu thereof the word "assessor".

3. By striking from line four (4) of subsection four (4) of such section the words "tax commission" and inserting in lieu thereof the word "assessor".

4. By striking from line two (2) of subsection six (6) of such section the words "tax commission" and inserting in lieu thereof the word "assessor".

5. By striking from line one (1) of subsection nine (9) of such section the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 97. Section four hundred forty-one point nineteen (441.19), Code 1962, is hereby amended as follows:

1. By striking from line eight (8) of subsection one (1) of such section the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line thirteen (13) of subsection one (1) of such section the words "tax commission" and inserting in lieu thereof the word "assessor".

3. By striking from lines four (4) and five (5) of subsection four (4) of such section the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 98. Section four hundred forty-one point twenty-one (441.21), Code 1962, is hereby repealed and the following enacted in lieu thereof:

"All property subject to assessment and taxation shall be valued at its market value which shall be entered opposite each item. Such market value shall be fair and reasonable based on market value of similar classes of property.

"In the event market value of the property being assessed cannot be established in the foregoing manner, then the assessor may consider its productive and earning capacity, if any, and all other factors which would determine the fair and reasonable market value of the property; and upon adoption of uniform rules and regulations by the state assessor for the valuation of such properties, said valuation on such properties shall be determined in accordance therewith for assessment purposes to assure uniformity.

"The property valued in the foregoing manner shall be assessed as provided in section eleven (11)."

Sec. 99. Section four hundred forty-one point twenty-four (441.24), Code 1962, is hereby amended by striking from lines six (6) and seven (7) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 100. Section four hundred forty-one point twenty-six (441.26), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line forty-one (41) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 101. Section four hundred forty-one point twenty-seven (441.27), Code 1962, is hereby amended by striking from line two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 102. Section four hundred forty-one point thirty-three (441.33), Code 1962, is hereby amended as follows:

1. By striking from lines nine (9) and ten (10) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from line thirteen (13) the words "tax commission" and inserting in lieu thereof the word "assessor".

3. By striking from line sixteen (16) the words "tax commission" and inserting in lieu thereof the word "assessor".

4. By striking from line twenty-three (23) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 103. Section four hundred forty-one point thirty-seven (441.37), Code 1962, is hereby amended as follows:

1. By striking all of subsection one (1) of such section after the period in line three (3).

2. By adding the following new subsection:

"Upon any taxpayer filing in writing any protest to the board of review or appeal to the district court, the assessor shall show cause why such protest or grounds of appeal shall not prevail, and shall be substantiated by comparable and equal assessments of other property or by such other information as may be applicable to justify the assessment."

Sec. 104. Section four hundred forty-one point forty-five (441.45), Code 1962, is hereby amended as follows:

1. By striking from line four (4) the words "tax commission" and inserting in lieu thereof the word "assessor".

2. By striking from lines five (5) and six (6) of subsection four (4) of such section the words "tax commission" and inserting in lieu thereof the word "assessor".

3. By striking from lines twenty-seven (27) and twenty-eight (28) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 105. Section four hundred forty-one point forty-six (441.46), Code 1962, is hereby repealed.

Sec. 106. Section four hundred forty-one point forty-seven (441.47), Code 1962, is hereby repealed.

Sec. 107. Section four hundred forty-one point forty-eight (441.48), Code 1962, is hereby amended as follows:

1. By striking from lines one (1) and two (2) the words "such state board of review" and inserting in lieu thereof the words "state assessor or board".

2. By striking from line four (4) the word "it" and inserting in lieu thereof the word "he".

Sec. 108. Section four hundred forty-one point forty-nine (441.49), Code 1962, is hereby amended as follows:

1. By striking from line two (2) the word "commission" and inserting in lieu thereof the word "state assessor".
2. By striking from line two (2) the word "its" and inserting in lieu thereof the word "his".
3. By striking from line three (3) the word "its" and inserting in lieu thereof the word "his".

Sec. 109. Section four hundred forty-one point fifty-two (441.52), Code 1962, is hereby amended by striking from line nine (9) the words "the sum of five hundred" and inserting in lieu thereof the words "a sum not to exceed three thousand (3,000)".

Sec. 110. Section four hundred forty-one point fifty-four (441.54), Code 1962, is hereby repealed.

Sec. 111. Section four hundred forty-three point five (443.5), Code 1962, is hereby amended by striking from lines three (3) and four (4) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 112. Section four hundred forty-four point nine (444.9), Code 1962, is hereby amended by striking from line two (2) of subsection one (1) of such section the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 113. Section four hundred forty-four point twenty (444.20), Code 1962, is hereby amended as follows:

1. By striking from lines eight (8) and nine (9) the words "tax commission" and inserting in lieu thereof the word "assessor".
2. By striking from line nine (9) the word "its" and inserting in lieu thereof the word "his".

3. By striking from line ten (10) the word "its" and inserting in lieu thereof the word "his".

4. By striking from line eleven (11) the words "tax commission at its regular annual session" and inserting in lieu thereof the word "assessor".

Sec. 114. Section four hundred forty-four point twenty-two (444.22), Code 1962, is hereby amended by striking from line two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 115. Section four hundred forty-four point twenty-three (444.23), Code 1962, is hereby amended by striking from line two (2) the words "tax commission" and inserting in lieu thereof the word "assessor".

Sec. 116. Section four hundred twenty-one point twenty (421.20), Code 1962, is hereby amended by striking from lines six (6) seven (7) and eight (8) the words "or to require any board of equalization or any other officer or person to perform any duty required by this chapter".

EXPLANATION

The purpose of this bill is to assure equal valuation for assessment throughout the state, and to protect the individual taxpayer.

This bill removes all assessing authority from the state tax commission and sets up an independent state assessor appointed by the governor with the consent of two-thirds of the senate and shall be replaced by the governor only with the approval of two-thirds of the senate or the office may be vacated by two-thirds of the senate on its own initiative. Appointment of our administrative officers to long fixed terms is inconsistent and repugnant to our democratic process. Our people elect our state officials for a period of two years. Yet we appoint administrative officers for long terms with virtually autonomous powers with no control over them and without practical power of removal.

It gives the state assessor authority and control over the local assessors, and the power of equalization of assessments.

It protects the individual taxpayer with rights of appeal which do not exist under the present law. It creates an independent board of review to act as a judiciary, particularly over the actions of a state assessor.

It defines the assessment laws more clearly and definitely so as to take away the uncertainties under the present law.

The state tax commission was created in 1935, chapter 174, Forty-eighth General Assembly. The present law directing the state tax commission as a board of review, sections 441.46 and 441.47, Code 1962, has been in effect all during this time. Yet for a few minor exceptions, the commission has failed to effect such equalization among and between counties. (This does not apply to utilities which are assessed directly by the commission.)

Equal valuations between counties was immaterial as long as local taxing districts depended entirely upon their own assessments and tax levies within counties. But now with overlapping school taxing districts, and state aid allocated on the basis of local property values, equal valuations are absolutely essential to fairness and equities among taxpayers and taxing districts.

Appeals to the state tax commission and to the courts have failed to force the state tax commission to perform its legal functions in this area. It has even failed to adopt uniform rules and regulations as provided by law. It is therefore imperative that the law be amended to effect the purposes and intent of the law.

Uniformity of assessments is assured by this bill by giving the state assessor authority and control over the local assessors. It does not change the local assessing law otherwise. At present, local assessors use their own formulas for assessments, and in some instances defy the state tax commission in its directives. Many local assessors are inexperienced and need and

want help. Such assistance can be provided under this bill, and equal assessments can be forced if necessary.

Under the present law, the individual taxpayer is entirely at the mercy of the assessing authorities. While provision is made for appeal to the courts, it is of very little protection and unduly expensive. The local assessor can defy the taxpayer to prove that he has been unjustly assessed. It is almost impossible for the taxpayer to prove his case.

This bill places the burden on the assessor who is in possession of all the facts on which to base and justify his assessments. It also provides for more appeal rights, not only to protect the individual taxpayer, but also the taxpayers as a whole.

Under the present law, the state tax commission constitutes the state board of review. In other words, it makes the rules, it administers them, and it sets as a judiciary to pass on them. This bill creates an independent board of review, serving part time only, to hear appeals, particularly the actions of the state assessor. It also provides for appeals to the courts from the appeal board. Thus the individual taxpayer and local taxing bodies are given protection from arbitrary or inequitable assessments.

This bill also defines the taxable values and other provisions of the law more clearly.

Passage of this Act will greatly improve our assessment and taxation system, and assure equalization of valuations which is imperative before granting further school aid and effecting property tax relief on an equalization basis.