

# House File 2581

PAG LIN

4

6 AN ACT

10 CONCERNING REGULATORY, TAXATION, AND STATUTORY REQUIREMENTS

12 AFFECTING INDIVIDUALS AND BUSINESS RELATING TO ECONOMIC

14 DEVELOPMENT, WORKERS' COMPENSATION, FINANCIAL SERVICES,

16 UNEMPLOYMENT COMPENSATION EMPLOYER SURCHARGES, INCOME

18 TAXATION BONUS DEPRECIATION AND EXPENSING ALLOWANCES,

20 AND CIVIL ACTION APPEAL BONDS, AND INCLUDING EFFECTIVE DATE,

22 APPLICABILITY, AND RETROACTIVE APPLICABILITY PROVISIONS.

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26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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## DIVISION I

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### LEGISLATIVE FINDINGS

60 Section 1. LEGISLATIVE FINDINGS. It is the finding of the  
70 general assembly that the recent Iowa supreme court decision  
80 of Rants and Iverson v. Vilsack, No. 60/03=1948, June 16,  
90 2004, has invalidated the proper enactment of provisions  
100 contained in 2003 Iowa Acts, First Extraordinary Session,  
110 chapter 1 (House File 692). It is the intent of the general  
120 assembly to reenact and reaffirm certain provisions of House  
130 File 692 that were published in the 2003 Iowa Code Supplement,  
140 including provisions that were subsequently amended in the  
150 2004 regular session of the Eightieth General Assembly and  
160 validate contracts entered into in reliance on the enactment  
170 of provisions published in the 2003 Code Supplement.

180 Sec. 2. EFFECTIVE DATE. This division of this Act, being  
190 deemed of immediate importance, takes effect upon enactment.

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## DIVISION II

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### ENDOW IOWA GRANTS

240 Sec. 3. The following provisions, as published in Iowa  
250 Code Supplement 2003, pertaining to endow Iowa grants, are  
260 reaffirmed and reenacted:

270 1. Section 15E.301.

280 2. Section 15E.302.

290 3. Section 15E.303.

300 4. Section 15E.304.

310 5. Section 15E.306.

320 Sec. 4. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY  
330 PROVISIONS. This division of this Act, being deemed of  
340 immediate importance, takes effect upon enactment, and is  
350 retroactively applicable to January 1, 2003, for tax years  
360 beginning on or after that date.

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## DIVISION III

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### CIVIL ACTION APPEAL BONDS

410 Sec. 5. Section 625A.9, as published in Iowa Code  
420 Supplement 2003, pertaining to supersedeas bonds, is  
430 reaffirmed and reenacted.

440 Sec. 6. Section 625A.9, subsection 2, Code Supplement  
450 2003, as reaffirmed and reenacted by this division of this  
460 Act, is amended to read as follows:

470 2. a. ~~Except as provided in paragraph "b", if the~~  
480 judgment or order appealed from is for money, such bond shall  
490 not exceed one hundred ten percent of the amount of the money  
500 judgment.

510 The court may set a bond in an amount in excess of one  
520 hundred ten percent of the amount of the money judgment upon  
530 making specific findings justifying such an amount, and in  
540 doing so, shall consider, but shall not be limited to  
550 consideration of, the following criteria:

560 (1) The availability and cost of the bond or other form of  
570 adequate security.

580 (2) The assets of the judgment debtor and of the judgment  
590 debtor's insurer or indemnitor, if any.

600 (3) The potential adverse effects of the bond on the  
610 judgment debtor, including, but not limited to, the potential  
620 adverse effects on the judgment debtor's employees, financial  
630 stability, and business operations.

640 (4) The potential adverse effects of the bond on the  
650 judgment creditor and third parties, including public  
660 entities.

670 (5) In a class action suit, the adequacy of the bond to  
680 compensate all members of the class.

690 b. Notwithstanding paragraph "a", in no case shall a bond  
700 exceed one hundred million dollars, regardless of the value of

710 the money judgment. This limitation shall not apply in cases  
720 where the court finds that the defendant intentionally  
730 dissipated the defendant's assets outside the ordinary course  
740 of business for the purpose of evading payment of the  
750 judgment.

760 Sec. 7. 2004 Iowa Acts, Senate File 2306, is repealed.

770 Sec. 8. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY  
780 PROVISIONS.

790 1. The section of this division of this Act reaffirming  
800 and reenacting section 625A.9, being deemed of immediate  
810 importance, takes effect upon enactment, and applies  
820 retroactively to July 1, 2003.

830 2. The section of this division of this Act amending  
840 section 625A.9, as reaffirmed and reenacted by this division  
850 of this Act, being deemed of immediate importance, takes  
860 effect upon enactment of this Act, and applies retroactively  
870 to cases pending and filed on or after April 20, 2004, and  
880 through June 15, 2004, and to cases pending or filed on or  
890 after June 16, 2004.

900 3. The section of this division of this Act repealing 2004  
910 Iowa Acts, Senate File 2306, being deemed of immediate  
920 importance, takes effect upon enactment.

930 4. This section of this division of this Act, being deemed  
940 of immediate importance, takes effect upon enactment.

960 DIVISION IV  
970 WORKERS' COMPENSATION

990 Sec. 9. Section 85.27, subsection 4, Code 2003, is amended  
1000 to read as follows:

1010 4. For purposes of this section, the employer is obliged  
1020 to furnish reasonable services and supplies to treat an  
1030 injured employee, and has the right to choose the care. If  
1040 the employer chooses the care, the employer shall hold the  
1050 employee harmless for the cost of care until the employer  
1060 notifies the employee that the employer is no longer  
1070 authorizing all or any part of the care and the reason for the  
1080 change in authorization. An employer is not liable for the  
1090 cost of care that the employer arranges in response to a  
1100 sudden emergency if the employee's condition, for which care  
1110 was arranged, is not related to the employment. The treatment

1120 must be offered promptly and be reasonably suited to treat the  
1130 injury without undue inconvenience to the employee. If the  
1140 employee has reason to be dissatisfied with the care offered,  
1150 the employee should communicate the basis of such  
1160 dissatisfaction to the employer, in writing if requested,  
1170 following which the employer and the employee may agree to  
1180 alternate care reasonably suited to treat the injury. If the  
1190 employer and employee cannot agree on such alternate care, the  
1200 commissioner may, upon application and reasonable proofs of  
1210 the necessity therefor, allow and order other care. In an  
1220 emergency, the employee may choose the employee's care at the  
1230 employer's expense, provided the employer or the employer's  
1240 agent cannot be reached immediately. An application made  
1250 under this subsection shall be considered an original  
1260 proceeding for purposes of commencement and contested case  
1270 proceedings under section 85.26. The hearing shall be  
1280 conducted pursuant to chapter 17A. Before a hearing is  
1290 scheduled, the parties may choose a telephone hearing or an  
1300 in-person hearing. A request for an in-person hearing shall  
1310 be approved unless the in-person hearing would be impractical  
1320 because of the distance between the parties to the hearing.  
1330 The workers' compensation commissioner shall issue a decision  
1340 within ten working days of receipt of an application for  
1350 alternate care made pursuant to a telephone hearing or within  
1360 fourteen working days of receipt of an application for  
1370 alternate care made pursuant to an in-person hearing. The  
1380 employer shall notify an injured employee of the employee's  
1390 ability to contest the employer's choice of care pursuant to  
1400 this subsection.

1410 Sec. 10. Section 85.34, subsection 2, paragraph u, Code  
1420 2003, is amended to read as follows:

1430 u. In all cases of permanent partial disability other than  
1440 those hereinabove described or referred to in paragraphs "a"  
1450 through "t" hereof, the compensation shall be paid during the  
1460 number of weeks in relation to five hundred weeks as the  
1470 reduction in the employee's earning capacity caused by the  
1480 disability bears in relation to the body of the injured  
1490 earning capacity that the employee as a whole possessed when  
1500 the injury occurred.

1510 Sec. 11. Section 85.34, Code 2003, is amended by adding  
1520 the following new subsection:

1530 NEW SUBSECTION. 7. SUCCESSIVE DISABILITIES.

1540 a. An employer is fully liable for compensating all of an  
1550 employee's disability that arises out of and in the course of  
1560 the employee's employment with the employer. An employer is  
1570 not liable for compensating an employee's preexisting  
1580 disability that arose out of and in the course of employment  
1590 with a different employer or from causes unrelated to  
1600 employment.

1610 b. If an injured employee has a preexisting disability  
1620 that was caused by a prior injury arising out of and in the  
1630 course of employment with the same employer, and the  
1640 preexisting disability was compensable under the same  
1650 paragraph of section 85.34, subsection 2, as the employee's  
1660 present injury, the employer is liable for the combined  
1670 disability that is caused by the injuries, measured in  
1680 relation to the employee's condition immediately prior to the  
1690 first injury. In this instance, the employer's liability for  
1700 the combined disability shall be considered to be already  
1710 partially satisfied to the extent of the percentage of  
1720 disability for which the employee was previously compensated  
1730 by the employer.

1740 If, however, an employer is liable to an employee for a  
1750 combined disability that is payable under section 85.34,  
1760 subsection 2, paragraph "u", and the employee has a  
1770 preexisting disability that causes the employee's earnings to  
1780 be less at the time of the present injury than if the prior  
1790 injury had not occurred, the employer's liability for the  
1800 combined disability shall be considered to be already  
1810 partially satisfied to the extent of the percentage of  
1820 disability for which the employee was previously compensated  
1830 by the employer minus the percentage that the employee's  
1840 earnings are less at the time of the present injury than if  
1850 the prior injury had not occurred.

1860 c. A successor employer shall be considered to be the same  
1870 employer if the employee became part of the successor  
1880 employer's workforce through a merger, purchase, or other  
1890 transaction that assumes the employee into the successor  
1900 employer's workforce without substantially changing the nature  
1910 of the employee's employment.

1920 Sec. 12. Section 85.36, subsection 9, paragraph c, Code  
1930 2003, is amended by striking the paragraph.

1940 Sec. 13. Section 85.70, Code 2003, is amended to read as  
1950 follows:

1960 85.70 ADDITIONAL PAYMENT FOR ATTENDANCE.

1970 An employee who has sustained an injury resulting in  
1980 permanent partial or permanent total disability, for which  
1990 compensation is payable under this chapter, and who cannot  
2000 return to gainful employment because of such disability, shall  
2010 upon application to and approval by the workers' compensation  
2020 commissioner be entitled to a ~~twenty-dollar~~ one hundred dollar  
2030 weekly payment from the employer in addition to any other  
2040 benefit payments, during each full week in which the employee  
2050 is actively participating in a vocational rehabilitation  
2060 program recognized by the vocational rehabilitation services  
2070 division of the department of education. The workers'  
2080 compensation commissioner's approval of such application for  
2090 payment may be given only after a careful evaluation of  
2100 available facts, and after consultation with the employer or  
2110 the employer's representative. Judicial review of the  
2120 decision of the workers' compensation commissioner may be  
2130 obtained in accordance with the terms of the Iowa  
2140 administrative procedure Act and in section 86.26. Such  
2150 additional benefit payment shall be paid for a period not to  
2160 exceed thirteen consecutive weeks except that the workers'  
2170 compensation commissioner may extend the period of payment not  
2180 to exceed an additional thirteen weeks if the circumstances  
2190 indicate that a continuation of training will in fact  
2200 accomplish rehabilitation.

2210 Sec. 14. Section 86.12, as published in Iowa Code  
2220 Supplement 2003, is reaffirmed and reenacted.

2230 Sec. 15. Section 86.13A, as published in Iowa Code  
2240 Supplement 2003, is reaffirmed and reenacted.

2250 Sec. 16. Section 86.13A, unnumbered paragraph 2, Code  
2260 Supplement 2003, as reaffirmed and reenacted by this Act, is  
2270 amended to read as follows:

2280 If during any fiscal year commencing after June 30, ~~2005~~  
2290 2006, the general business practices of an employer or insurer  
2300 result in the delay of the commencement of voluntary weekly  
2310 compensation payments after the date specified in section  
2320 85.30 more frequently and for a longer number of days than the  
2330 average number of days for the entire group of employers or  
2340 insurers, the commissioner may impose an assessment on the

2350 employer or insurer payable to the second injury fund created  
2360 in section 85.66. The amount of the assessment shall be ten  
2370 dollars, multiplied by the average number of days that weekly  
2380 compensation payments were delayed after the date specified in  
2390 section 85.30, and multiplied by the number of injuries the  
2400 employer or insurer reported during the fiscal year.  
2410 Notwithstanding the foregoing, an assessment shall not be  
2420 imposed if the employer or insurer commenced voluntary weekly  
2430 compensation benefits within the time specified in section  
2440 85.30 for more than seventy-five percent of the injuries  
2450 reported by the employer or insurer.

2460 Sec. 17. Section 85.55, Code 2003, is repealed.

2470 Sec. 18. EFFECTIVE DATE AND APPLICABILITY PROVISIONS. The  
2480 sections of this division of this Act amending sections 85.27,  
2490 85.34, 85.36, and 85.70, and repealing section 85.55, being  
2500 deemed of immediate importance, take effect upon enactment and  
2510 apply to injuries occurring on or after that date.

2520 Sec. 19. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY  
2530 PROVISIONS. The sections of this division of this Act  
2540 reaffirming and reenacting sections 86.12 and 86.13A and the  
2550 section of this division of this Act amending section 86.13A  
2560 as reaffirmed and reenacted, being deemed of immediate  
2570 importance, take effect upon enactment and are retroactively  
2580 applicable to injuries occurring on or after July 1, 2003.

2590 Sec. 20. LEGISLATIVE INTENT. It is the intent of the  
2600 general assembly that this division of this Act will prevent  
2610 all double recoveries and all double reductions in workers'  
2620 compensation benefits for permanent partial disability. This  
2630 division modifies the fresh start and full responsibility  
2640 rules of law announced by the Iowa supreme court in a series  
2650 of judicial precedents.

2660 The general assembly recognizes that the amount of  
2670 compensation a person receives for disability is directly  
2680 related to the person's earnings at the time of injury. The  
2690 competitive labor market determines the value of a person's  
2700 earning capacity through a strong correlation with the level  
2710 of earnings a person can achieve in the competitive labor  
2720 market. The market reevaluates a person as a working unit  
2730 each time the person competes in the competitive labor market,  
2740 causing a fresh start with each change of employment. The  
2750 market's determination effectively apportions any disability  
2760 through a reduced level of earnings. The market does not  
2770 reevaluate an employee's earning capacity while the employee  
2780 remains employed by the same employer.

2790 The general assembly intends that an employer shall fully  
2800 compensate all of an injured employee's disability that is  
2810 caused by work-related injuries with the employer without  
2820 compensating the same disability more than once. This  
2830 division of this Act creates a formula that applies disability  
2840 payments made toward satisfaction of the combined disability  
2850 that the employer is liable for compensating, while taking  
2860 into account the impact of the employee's earnings on the  
2870 amount of compensation to be ultimately paid for the  
2880 disability.

2890 The general assembly does not intend this division of this  
2900 Act to change the character of any disability from scheduled  
2910 to unscheduled or vice versa or to combine disabilities that  
2920 are not otherwise combined under law existing on the effective  
2930 date of this section of this division of this Act.

2940 Combination of successive scheduled disabilities in section  
2950 85.34, subsection 7, as enacted in this division of this Act,  
2960 is limited to disabilities affecting the same member, such as  
2970 successive disabilities to the right arm. A disability to the  
2980 left arm that is followed by a disability to the right arm is  
2990 governed by section 85.64 and is not a successive disability  
3000 under this division. This division does not alter benefits  
3010 under the second injury fund, benefits for permanent total  
3020 disability under section 85.34, subsection 3, the method of  
3030 determining the degree of unscheduled permanent partial  
3040 disability, the compensable character of aggravation injuries,  
3050 or an employer's right to choose the care an injured employee  
3060 receives, expand the fresh start rule to scheduled  
3070 disabilities, or change existing law in any way that is not  
3080 expressly provided in this division.

3090 The general assembly intends that changes in the identity  
3100 of the employer that do not require the employee to reenter  
3110 the competitive labor market will be treated as if the  
3120 employee remained employed by the same employer.

3130 Sec. 21. EFFECTIVE DATE. Unless otherwise provided, this  
3140 division of this Act, being deemed of immediate importance,  
3150 takes effect upon enactment.

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DIVISION V  
FINANCIAL SERVICES

Sec. 22. The following provisions, as published in Iowa Code Supplement 2003, pertaining to financial services, are reaffirmed and reenacted:

1. Section 537.2502, subsections 3 and 6.
2. Section 537.2601, subsection 1.

Sec. 23. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISIONS. This division of this Act, being deemed of immediate importance, takes effect upon enactment, and is retroactively applicable to July 1, 2003.

DIVISION VI  
LOAN AND CREDIT GUARANTEE PROGRAM

Sec. 24. The following provisions, as published in Iowa Code Supplement 2003, pertaining to the economic development loan and credit guarantee program, are reaffirmed and reenacted:

1. Section 15E.221.
2. Section 15E.222.
3. Section 15E.223.
4. Section 15E.224.
5. Section 15E.225.

Sec. 25. Section 15E.223, subsection 4, Code Supplement 2003, as reaffirmed and reenacted by this division of this Act, is amended to read as follows:

4. "Targeted industry business" means an existing or proposed business entity, including an emerging small business or qualified business which is operated for profit and which has a primary business purpose of doing business in at least one of the targeted industries designated by the department which include life sciences, software and information technology, advanced manufacturing, value-added agriculture, and any other industry designated as a targeted industry by the ~~loan and credit guarantee advisory board~~ department.

Sec. 26. Section 15E.224, subsections 1, 3, 5, and 7, Code Supplement 2003, as reaffirmed and reenacted by this division of this Act, are amended to read as follows:

1. The department shall, ~~with the advice of the loan and credit guarantee advisory board~~, establish and administer a loan and credit guarantee program. The department, pursuant to agreements with financial institutions, shall provide loan and credit guarantees, or other forms of credit guarantees for qualified businesses and targeted industry businesses for eligible project costs. A loan or credit guarantee provided under the program may stand alone or may be used in conjunction with or to enhance other loans or credit guarantees offered by private, state, or federal entities. The department may purchase insurance to cover defaulted loans meeting the requirements of the program. However, the department shall not in any manner directly or indirectly pledge the credit of the state. Eligible project costs include expenditures for productive equipment and machinery, working capital for operations and export transactions, research and development, marketing, and such other costs as the department may so designate.

3. In administering the program, the department shall consult and cooperate with financial institutions in this state ~~and with the loan and credit guarantee advisory board~~. Administrative procedures and application procedures, as practicable, shall be responsive to the needs of qualified businesses, targeted industry businesses, and financial institutions, and shall be consistent with prudent investment and lending practices and criteria.

5. The department, ~~with the advice of the loan and credit guarantee advisory board~~, shall adopt a loan or credit guarantee application procedure for a financial institution on behalf of a qualified business or targeted industry business.

7. The department, ~~with the advice of the loan and credit guarantee advisory board~~, may adopt loan and credit guarantee application procedures that allow a qualified business or targeted industry business to apply directly to the department for a preliminary guarantee commitment. A preliminary guarantee commitment may be issued by the department subject to the qualified business or targeted industry business securing a commitment for financing from a financial institution. The application procedures shall specify the process by which a financial institution may obtain a final loan and credit guarantee.

Sec. 27. Section 15E.225, subsections 1 and 2, Code Supplement 2003, as reaffirmed and reenacted by this division of this Act, are amended to read as follows:

4010 1. When entering into a loan or credit guarantee  
4020 agreement, the department, ~~with the advice of the loan and~~  
~~4030 credit guarantee advisory board,~~ shall establish fees and  
4040 other terms for participation in the program by qualified  
4050 businesses and targeted industry businesses.

4060 2. The department, with due regard for the possibility of  
4070 losses and administrative costs ~~and with the advice of the~~  
~~4080 loan and credit guarantee advisory board,~~ shall set fees and  
4090 other terms at levels sufficient to assure that the program is  
4100 self-financing.

4110 Sec. 28. Section 15E.227, subsection 2, paragraph c, Code  
4120 Supplement 2003, is amended by striking the paragraph.

4130 Sec. 29. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY  
4140 PROVISIONS. This division of this Act, being deemed of  
4150 immediate importance, takes effect upon enactment, and is  
4160 retroactively applicable to July 1, 2003.

4180 DIVISION VII

4190 ADMINISTRATIVE CONTRIBUTION SURCHARGE

4210 Sec. 30. Section 96.9, subsection 8, paragraph e, Code  
4220 Supplement 2003, is amended to read as follows:

4230 e. Moneys from interest earned on the unemployment  
4240 compensation reserve fund shall be used by the department only  
4250 upon appropriation by the general assembly ~~and only for~~  
~~4260 purposes contained in section 96.7, subsection 12, for~~  
~~4270 department of workforce development rural satellite offices,~~  
4280 and for administrative costs to collect the reserve  
4290 contributions.

4300 Sec. 31. CODE EDITOR'S REMOVAL OF SECTION 96.7, SUBSECTION  
4310 12, FROM CODE. Consistent with the Iowa supreme court  
4320 decision of Rants and Iverson v. Vilsack, No. 60/03=1948, June  
4330 16, 2004, the general assembly acknowledges the Code editor's  
4340 removal of section 96.7, subsection 12, relating to the  
4350 administrative contribution surcharge and fund, from the Code,  
4360 due to the subsection's repeal effective July 1, 2003.

4370 Sec. 32. EFFECTIVE DATE. This division of this Act, being  
4380 deemed of immediate importance, takes effect upon enactment  
4390 and applies retroactively to July 1, 2003.

4410 DIVISION VIII

4420 MARKETING

4440 Sec. 33. Section 15G.109, as published in Iowa Code  
4450 Supplement 2003, pertaining to the economic development  
4460 marketing board, is reaffirmed and reenacted.

4470 Sec. 34. Section 15G.109, subsections 1, 2, and 5, Code  
4480 Supplement 2003, as reaffirmed and reenacted by this division  
4490 of this Act, are amended by striking the subsections.

4500 Sec. 35. Section 15G.109, subsections 3 and 4, Code  
4510 Supplement 2003, as reaffirmed and reenacted by this division  
4520 of this Act, are amended to read as follows:

4530 ~~3-~~ The department of economic development ~~marketing board~~  
4540 shall accept proposals for marketing strategies for purposes  
4550 of selecting a strategy for the department to administer. The  
4560 marketing strategies shall be designed to market Iowa as a  
4570 lifestyle, increase the population of the state, increase the  
4580 wealth of Iowans, and expand and stimulate the state economy.  
4590 ~~The economic development marketing board shall submit a~~  
~~4600 recommendation regarding the proposal to the grow Iowa values~~  
~~4610 board. In selecting a marketing strategy for recommendation,~~  
~~4620 the economic development marketing board shall base the~~  
~~4630 selection on the goals and performance measures provided in~~  
~~4640 section 15G.107. The grow Iowa values board shall either~~  
~~4650 approve or deny the recommendation. The department shall~~  
~~4660 select and approve a proposal that meets the requirements of~~  
4670 this subsection.

4680 ~~4-~~ The department shall implement and administer the  
4690 approved marketing strategy ~~approved by the grow Iowa values~~  
~~4700 board as provided in subsection 3. The department shall~~  
~~4710 provide the economic development marketing board with~~  
~~4720 assistance in implementing administrative functions of the~~  
~~4730 board and provide technical assistance to the board.~~

4740 Sec. 36. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY.  
4750 This division of this Act, being deemed of immediate  
4760 importance, takes effect upon enactment. The section of this  
4770 division of this Act reaffirming and reenacting Code section  
4780 15G.109 is retroactively applicable to July 1, 2003.

4800 DIVISION IX

4810 INCOME TAXATION

4820 BONUS DEPRECIATION AND EXPENSING ALLOWANCE

4840 Sec. 37. Section 422.3, subsection 5, Code Supplement  
4850 2003, is amended to read as follows:

4860 5. "Internal Revenue Code" means the Internal Revenue Code  
4870 of 1954, prior to the date of its redesignation as the

4880 Internal Revenue Code of 1986 by the Tax Reform Act of 1986,  
4890 or means the Internal Revenue Code of 1986 as amended to and  
4900 including January 1, 2003, and as amended by Pub. L. No. 108=  
4910 27, section 202, whichever is applicable.

4920 Sec. 38. Section 422.7, subsection 39, Code Supplement  
4930 2003, is amended to read as follows:

4940 39. a. The additional first-year depreciation allowance  
4950 authorized in section 168(k) of the Internal Revenue Code, as  
4960 enacted by Pub. L. No. 107=147, section 101, does not apply in  
4970 computing net income for state tax purposes. If the taxpayer  
4980 has taken such deduction in computing federal adjusted gross  
4990 income, the following adjustments shall be made:

5000 ~~a-~~ (1) Add the total amount of depreciation taken on all  
5010 property for which the election under section 168(k) of the  
5020 Internal Revenue Code was made for the tax year.

5030 ~~b-~~ (2) Subtract an amount equal to depreciation ~~taken~~  
5040 allowed on such property for the tax year using the modified  
5050 accelerated cost recovery system depreciation method  
5060 applicable under section 168 of the Internal Revenue Code  
5070 without regard to section 168(k).

5080 ~~c-~~ (3) Any other adjustments to gains or losses to  
5090 reflect the adjustments made in ~~paragraphs "a" and "b"~~  
5100 subparagraphs (1) and (2) pursuant to rules adopted by the  
5110 director.

5120 b. The additional first-year depreciation allowance  
5130 authorized in section 168(k)(4) of the Internal Revenue Code,  
5140 as enacted by Pub. L. No. 108=27, shall apply in computing net  
5150 income for state tax purposes, for qualified property acquired  
5160 after May 5, 2003, and before January 1, 2005.

5170 Sec. 39. Section 422.32, subsection 7, Code Supplement  
5180 2003, is amended to read as follows:

5190 7. "Internal Revenue Code" means the Internal Revenue Code  
5200 of 1954, prior to the date of its redesignation as the  
5210 Internal Revenue Code of 1986 by the Tax Reform Act of 1986,  
5220 or means the Internal Revenue Code of 1986 as amended to and  
5230 including January 1, 2003, and as amended by Pub. L. No. 108=  
5240 27, section 202, whichever is applicable.

5250 Sec. 40. Section 422.35, subsection 19, Code Supplement  
5260 2003, is amended to read as follows:

5270 19. a. The additional first-year depreciation allowance  
5280 authorized in section 168(k) of the Internal Revenue Code, as  
5290 enacted by Pub. L. No. 107=147, section 101, does not apply in  
5300 computing net income for state tax purposes. If the taxpayer  
5310 has taken such deduction in computing taxable income, the  
5320 following adjustments shall be made:

5330 ~~a-~~ (1) Add the total amount of depreciation taken on all  
5340 property for which the election under section 168(k) of the  
5350 Internal Revenue Code was made for the tax year.

5360 ~~b-~~ (2) Subtract an amount equal to depreciation ~~taken~~  
5370 allowed on such property for the tax year using the modified  
5380 accelerated cost recovery system depreciation method  
5390 applicable under section 168 of the Internal Revenue Code  
5400 without regard to section 168(k).

5410 ~~c-~~ (3) Any other adjustments to gains or losses to  
5420 reflect the adjustments made in ~~paragraphs "a" and "b"~~  
5430 subparagraphs (1) and (2) pursuant to rules adopted by the  
5440 director.

5450 b. The additional first-year depreciation allowance  
5460 authorized in section 168(k)(4) of the Internal Revenue Code,  
5470 as enacted by Pub. L. No. 108=27, shall apply in computing net  
5480 income for state tax purposes, for qualified property acquired  
5490 after May 5, 2003, and before January 1, 2005.

5500 Sec. 41. RETROACTIVE APPLICABILITY.

5510 1. The sections of this division of this Act amending  
5520 section 422.7, subsection 39, and section 422.35, subsection  
5530 19, apply retroactively to tax years ending after May 5, 2003.

5540 2. The sections of this division of this Act amending  
5550 sections 422.3, subsection 5, and 422.32, subsection 7, apply  
5560 retroactively to January 1, 2003, for tax years beginning on  
5570 or after that date.

5580 Sec. 42. EFFECTIVE DATE. This division of this Act, being  
5590 deemed of immediate importance, takes effect upon enactment.

5610 DIVISION X

5620 ADVISORY CAPACITY OF BOARDS

5640 Sec. 43. ADVISORY CAPACITY OF BOARDS. For only the fiscal  
5650 year beginning July 1, 2004, and ending June 30, 2005, the  
5660 establishment and existence of the grow Iowa values board, the  
5670 economic development marketing board, and the loan and credit  
5680 guarantee advisory board, as provided for in 2003 Iowa Acts,  
5690 First Extraordinary Session, chapter 1 (House File 692), are  
5700 validated. However, the boards shall serve only in an

5710 advisory capacity to the department of economic development.  
5720 The composition of the boards shall consist of the membership  
5730 in existence on June 15, 2004.  
5740 Sec. 44. EFFECTIVE DATE PROVISION. This division of this  
5750 Act, being deemed of immediate importance, takes effect upon  
5760 enactment.

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CHRISTOPHER C. RANTS  
Speaker of the House

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JEFFREY M. LAMBERTI  
President of the Senate

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7770 I hereby certify that this bill originated in the House and  
7780 is known as House File 2581, Eightieth General Assembly.

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MARGARET THOMSON  
Chief Clerk of the House

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Approved \_\_\_\_\_, 2004

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THOMAS J. VILSACK  
Governor