

February 20, 1970

HOUSE FILE 1294

Place on Calendar

*Ways and Means 3/2, Sec 3/3* By COMMITTEE ON WAYS AND MEANS

Passed House, Date *2-25-70* Passed Senate, Date *3-16-70*

Vote: Ayes *100* Nays *17* Vote: Ayes *49* Nays *3*

Approved.....

*Passed per Conference Committee Report 4/13/70 aye 96, nays 9*

*Passed per conference Committee Report 4/13 aye 51, nays 0*

# A BILL FOR

*conference Committee 4/3*

*Senators Lambert, Coleman, Lange, Nickerson  
Representatives Van Nest, McIntyre, (Kinross), and Freeman.*

- 1 An Act relating to the taxation of financial institutions.
- 2 *Be It Enacted by the General Assembly of the State of Iowa:*
- 3 Section 1. A franchise tax according to and measured by
- 4 net income is hereby imposed on financial institutions.
- 5 Sec. 2. In this Act, unless the context otherwise re-
- 6 quires:
  - 7 1. "Financial institution" means a state bank as defined
  - 8 in chapter two hundred seventy-three (273), section one hun-
  - 9 dred three (103), subsection nineteen (19), Acts of the Sixty-
  - 10 third General Assembly, First Session, a national banking asso-
  - 11 ciation having its principal office within this state, a trust
  - 12 company, an association incorporated or authorized to do busi-
  - 13 ness under chapter five hundred thirty-four (534) of the Code,
  - 14 or a production credit association.
  - 15 2. "Taxable year" means the calendar year, or the fiscal
  - 16 year ending during a calendar year, for which the tax is pay-
  - 17 able.
  - 18 3. "Taxpayer" means a financial institution subject to
  - 19 any tax imposed by this Act.
  - 20 4. "Net income" means the net income of the financial
  - 21 institution computed in accordance with section four hundred
  - 22 twenty-two point thirty-five (422.35) of the Code, with the
  - 23 exception that no subtraction shall be made for interest and
  - 24 dividends from federal securities.
  - 25 Sec. 3. The franchise tax is due and payable on the first

1 day following the end of the taxable year of each financial in-  
2 stitution, and is delinquent after the last day of the fourth  
3 month following the due date. Every financial institution shall  
4 file a return with the department of revenue on or before the  
5 delinquency date. The tax is imposed on net income earned during  
6 the year 1970 and in succeeding years but the tax shall be com-  
7 puted and collected on only that portion of net income received  
8 or accrued during 1970 for financial institutions whose taxable  
9 year ends before December 31, 1970. As to fiscal years ending  
10 prior to the effective date of this Act, the time for filing  
11 a return is extended to the last day of the fourth month follow-  
12 ing such effective date.

13 Sec. 4. The franchise tax is imposed annually in an amount  
14 measured by applying the following rates to the net income re-  
15 ceived or accrued during the taxable year:

16 1. On the first twenty-five thousand dollars of net in-  
17 come, or any part thereof, four percent.

18 2. On the next seventy-five thousand dollars of net income,  
19 or any part thereof, six percent.

20 3. On all net income in excess of one hundred thousand  
21 dollars, eight percent.

22 Sec. 5. The franchise tax shall be payable to the trea-  
23 surer of state at the time of filing the franchise tax return  
24 with the department of revenue.

25 Sec. 6. Ten percent of the total moneys received from the  
26 franchise tax shall be deposited in the state general fund.  
27 The remaining moneys received from the franchise tax shall be  
28 deposited in a franchise tax fund hereby established in the office  
29 of the treasurer of state, and shall be paid on warrants by the  
30 state comptroller, after certification by the director of revenue,  
31 as follows:

32 1. Fifty percent to the basic school tax equalization fund  
33 of the basic school tax unit from which the tax is collected, to  
34 be distributed in the same manner as other funds in the basic  
35 school tax equalization fund.

1 2. Thirty percent to the general fund of the city or town  
2 from which the tax is collected.

3 3. Twenty percent to the general fund of the county from  
4 which the tax is collected.

5 If the financial institution maintains one or more offices  
6 for the transaction of business, other than its principal office,  
7 a portion of its franchise tax shall be allocated to each office,  
8 based upon a reasonable measure of the business activity of each  
9 office. The director of revenue shall prescribe, for each type  
10 of financial institution, a method of measuring the business  
11 activity of each office.

12 Quarterly, the director of revenue shall certify to the  
13 state comptroller the amounts to be paid to each basic school  
14 tax unit, city, town, and county from the franchise tax fund.  
15 All moneys received from the franchise tax are hereby appropri-  
16 ated according to the provisions of this section.

17 Sec. 7. The department of revenue shall administer and  
18 enforce the provisions of this Act, and all applicable pro-  
19 visions of sections four hundred twenty-two point twenty-four  
20 (422.24), four hundred twenty-two point twenty-five (422.25),  
21 four hundred twenty-two point twenty-six (422.26), four hun-  
22 dred twenty-two point twenty-eight (422.28), four hundred  
23 twenty-two point twenty-nine (422.29), and four hundred twenty-  
24 two point thirty (422.30) of the Code, and division five (V)  
25 of chapter four hundred twenty-two (422) of the Code, apply to  
26 financial institutions and to the franchise tax imposed by this  
27 Act.

28 Sec. 8. Section four hundred twenty-two point thirty-four  
29 (422.34), subsection one (1), Code 1966, as amended by chapter  
30 two hundred seventy-three (273), section one thousand eight  
31 hundred fourteen (1814), Acts of the Sixty-third General Assembly,  
32 First Session, is hereby further amended by inserting in line  
33 four (4) after the word "associations," the words "production  
34 credit associations,".

35 Sec. 9. Section four hundred twenty-seven point thirteen

1 (427.13), Code 1966, as amended by chapter three hundred fifty-  
2 six (356), section thirty-seven (37), Acts of the Sixty-second  
3 General Assembly, is hereby further amended by striking sub-  
4 sections four (4) through eight (8), inclusive.

5 Sec. 10. Section four hundred twenty-eight point twelve  
6 (428.12), Code 1966, as amended by chapter two hundred seventy-  
7 three (273), section one thousand eight hundred fifteen (1815),  
8 Acts of the Sixty-third General Assembly, First Session, is  
9 hereby further amended by striking from lines nine (9) and ten  
10 (10) the words and figure "as provided in chapter 430, for the  
11 taxing of private banks and bankers,".

12 Sec. 11. Section four hundred twenty-eight point twenty-  
13 three (428.23), Code 1966, is hereby amended by striking lines  
14 seven (7), eight (8), and nine (9), and inserting in lieu thereof  
15 the words "same manner as is required of individuals."

16 Sec. 12. Section four hundred twenty-eight point twenty-  
17 seven (428.27), Code 1966, is hereby amended by striking from  
18 lines three (3) and four (4) the words and figures "as prescribed  
19 in sections 431.1 and 431.2".

20 Sec. 13. Chapter four hundred twenty-eight (428), Code 1966,  
21 is hereby amended by adding the following section:

22 "For the year 1970 and succeeding years, the real estate  
23 fixtures, equipment, and tangible personal property of every  
24 financial institution, as defined in this Act, shall be listed,  
25 assessed, and taxed to the institution in the same manner and at  
26 the same rate as such property in the hands of individuals."

27 Sec. 14. Chapters four hundred twenty-nine (429) and four  
28 hundred thirty (430), Code 1966, are hereby repealed.

29 Sec. 15. Section four hundred thirty A point three (430A.3),  
30 Code 1966, is hereby amended by striking lines eight (8), nine  
31 (9), and ten (10) and inserting in lieu thereof the following:

32 "and shall be levied by the board of supervisors, and  
33 placed upon the tax list and collected by the county treasurer.  
34 The amount collected in each taxing district in cities and towns  
35 shall be apportioned twenty percent to the county general fund,

1 thirty percent to the city or town general fund, and fifty per-  
 2 cent to the school district general fund, and the amount col-  
 3 lected in each taxing district outside of cities and towns shall  
 4 be apportioned fifty percent to the county general fund and fifty  
 5 percent to the school district general fund. The”.

6 Sec. 16. Section four hundred thirty A point one (430A.1),  
 7 Code 1966, is hereby amended by striking from line two (2) the  
 8 words “not organized under the laws of Iowa”.

9 Sec. 17. Section four hundred thirty A point seven (430A.7),  
 10 Code 1966, is hereby repealed.

11 Sec. 18. Chapter four hundred thirty-one (431), Code 1966,  
 12 is hereby repealed.

13 Sec. 19. This Act being deemed of immediate importance  
 14 shall be in full force and effect from and after its final approval  
 15 and publication in The Evening Sentinel, a newspaper  
 16 published at Shenandoah, Iowa, and the Council Bluffs  
 17 Nonpareil, a newspaper published at Council Bluffs,  
 18 Iowa.

EXPLANATION

This bill places a franchise tax on financial institutions, including state and national banks, and savings and loan associations. The tax is measured by net income, and the rates are four, six, and eight percent on the same amounts as the corporation business tax rates.

Chapters relating to moneys and credits tax, bank tax, and corporation shares tax are repealed by the bill, and a section is added to chapter 428 to provide that tangible personal property of financial institutions will be taxed.

- 1 Amend House File 1294 by striking the period (.) in line
- 2 twenty-four (24) of page one (1) and inserting the following after
- 3 the word “securities”:
- 4 “, but subtraction shall be made for all federal income tax
- 5 paid or accrued, as the case may be, during the tax year, adjusted
- 6 by any federal income tax refunds and by adding the Iowa franchise
- 7 or moneys and credits tax deducted in computing said taxable income.”

Filed - *Cont 2-25*  
 February 23, 1970  
 In: Ways and means

DARRINGTON of Harrison

1 Amend House File 1294 as follows:

2 1. Page 1, by inserting in line 12 after the word "company,"  
3 the words "a federally chartered savings and loan association,  
4 a financial institution chartered by the federal home loan bank  
5 board,".

*Adopted*  
*2-25*

*Adopted*  
*2-25*

6 2. Page 4, line 32, by striking the first use of the word "and"  
7 and inserting in lieu thereof the word "which".

8 3. Page 5, line 2, by striking the words "school district general"  
9 and inserting in lieu thereof the words "basic school tax equali-  
10 zation".

*Adopted*  
*2-25*

11 4. Page 5, line 5, by striking the words "school district  
12 general" and inserting in lieu thereof the words "basic school  
13 tax equalization".

14 5. Page 5, by striking lines 6, 7 and 8, and renumbering the  
15 remaining sections.

16 6. Page 1, by inserting in line 1 of the title after the word  
17 "institutions" the words ", and the taxation of moneys and  
18 credits".

Filed - *Adopted 2-25*  
February 24, 1970

VAN NOSTRAND of Pottawattamie

1 Amend House File 1294, page 1, line 24, section 2, by adding to sub-  
2 section four (4) thereof the following: "The interest and dividends  
3 from bonds of state and other political subdivisions exempt from  
4 federal income tax under the Internal Revenue Code of 1954 shall  
5 not be included in net income."

Offered from the floor and lost  
February 25, 1970  
In: Ways and means

FREEMAN of Buena Vista

1 Amend the Senate amendment to House File 1294,  
2 line 46, by inserting after the word "treasurer" the  
3 following: ", except that an exemption shall be given  
4 to each credit union in the amount of four thousand  
5 dollars and, in addition, any amount of the legal and  
6 special reserves which are invested in United States  
7 government securities".

Filed  
March 19, 1970  
In: Ways and means

VAN DRIE of Story

1 Amend House File 1294, as amended by the House, page  
2 1, by striking lines 27 and 28 and inserting in lieu thereof  
3 the following words:  
4 "exception that interest and dividends from federal  
5 securities shall not be subtracted and interest and divi-  
6 dends from evidences of indebtedness and securities of this  
7 state and its political subdivisions, exempt from federal  
8 income tax under the Internal Revenue Code of 1954 as  
9 amended, shall not be added."

*Senate*

Filed - *Adopted 3/16*  
March 5, 1970

By LAMBORN, KEITH, VAN GILST,  
BRILES, MCGILL and SMITH

## FISCAL NOTE

Date prepared March 12, 1970

Requested by Senator Shaff.

Prepared in regard to House File 1294, as passed by House, a bill for an act relating to the taxation of financial institutions.

Following is the fiscal effect in dollars of the legislative proposal as required by Rule 31:

The following is the estimated revenue under House File 1294 as passed by the House:

Franchise tax measured by net income:	
State banks (based on 1969 figures)	\$2,764,000
National banks (based on 1969 figures)	1,425,000
Savings and loan associations (based on 1968 figures)	704,000
Total franchise tax	4,893,000
Personal property tax (1):	
Savings and loan associations (based on 1968 figures)	96,000
Total	\$4,989,000
Total computed above	\$4,989,000
Less: Money and credits tax levied on bank stock, surplus and undivided profits and shares of stock of Iowa Corporations (taxed at 6 mills)	2,679,000
Property tax paid by savings and loan associations (based on 1968 figures)	96,000
Increased revenue	\$2,214,000

(1) It is not possible to estimate the personal property tax which banks will pay.

The cost to the Department of Revenue to administer House File 1294 is estimated to be \$50,000 per year.

GERRY D. RANKIN  
Legislative Fiscal Director

## FISCAL NOTE

Date prepared March 13, 1970

Requested by Senator Lamborn.

Prepared in regard to House File 1294, Lamborn, et al., amendment, a bill for an act relating to the taxation of financial institutions.

Following is the fiscal effect in dollars of the legislative proposal as required by Rule 31:

It is estimated, by exempting income from investments in obligations of this state or its political subdivisions, that it would decrease the franchise tax from banks by approximately \$600,000 (based on 1969 information). It is not possible to estimate the effect this will have on the amount of franchise tax paid by savings and loan associations.

GERRY D. RANKIN  
Legislative Fiscal Director

## FISCAL NOTE

Date prepared March 11, 1970

Requested by Senator Ollenburg.

Prepared in regard to House File 1294, Ollenburg amendment, a bill for an act relating to the taxation of financial institutions.

Following is the fiscal effect in dollars of the legislative proposal as required by Rule 31.

Amendment to House File 1294, page 1, line 24, by adding thereto the following:

"Provided that the subtraction in subsection four (4) shall be of all federal income taxes paid or accrued during the year and the addition therein shall be of all Iowa franchise or moneys and credits taxes deducted in computing taxable income."

It is estimated that by going from a 50 percent federal tax deduction, to a 100 percent federal tax deduction, it would reduce the franchise tax from banks somewhere between \$578,000 and \$598,000, based on 1969 information). It is also estimated that it would reduce the franchise tax from savings and loan associations by approximately \$69,000, (based on 1968 information).

GERRY D. RANKIN  
Legislative Fiscal Director

- 1 Amend House File 1294 as follows:
- 2 Page 2, line 26, by striking the words "the state
- 3 general fund" and inserting in lieu thereof the words
- 4 "an income maintenance fund hereby established in the
- 5 office of the treasurer of state, and shall be paid out
- 6 on warrants by the state comptroller for the administra-
- 7 tion of the bureau of income maintenance, of the department
- 8 of social services, for old age assistance".

Filed - *Withdrawn 3/16*  
March 4, 1970

By DENMAN, DODERER, GAUDINEER  
and FROMMELT

- 1 Amend House File 1294, page 2, line 26, by striking the
- 2 words "the state general fund" and inserting in lieu thereof
- 3 the words "an income maintenance fund hereby established in
- 4 the office of the treasurer of state, and is hereby appropriated
- 5 to the department of social services for the administration of
- 6 the bureau of income maintenance for old age assistance and
- 7 shall be paid out on warrants by the state comptroller".

Filed - *Last 3/16*  
March 5, 1970

By DODERER, DENMAN, REICHARDT,  
FROMMELT, GAUDINEER and SHIRLEY

- 1 Amend House File 1294, page 1, line 15, by
- 2 inserting after the word "board," the words "an
- 3 insurance company subject to Title Twenty (XX) of
- 4 the Code,".

Filed - *Withdrawn 3/16*  
March 6, 1970

By SULLIVAN

1 Amend House File 1294, as passed by the House, as follows:  
2 1. Page 1, by inserting after line 3 the following new section  
3 one (1) and renumbering the remaining sections:  
4 Chapter four hundred twenty-two (422), Code 1966, is hereby  
5 amended by inserting a new division composed of sections two (2)  
6 through eight (8), inclusive, of this Act.

*Adopted*  
3/16

7 2. Page 2, by striking lines 4 through 9, inclusive, and insert-  
8 ing in lieu thereof the following:

*Adopted*  
3/16

9 file a return as prescribed by the director on or before the  
10 delinquency date. The provisions of this section shall become  
11 effective for all taxable years ending on or after January 1, 1970.  
12 For other than calendar year taxpayers, the tax due for the taxable  
13 year ending in 1970 shall be, for each month of the taxable year in  
14 1970, one-twelfth of the tax which would be due if this section  
15 had been effective for the entire taxable year. As to fiscal years  
16 ending

17 3. Page 2, line 22, by inserting after the word "be" the word  
18 "made".

19 4. Page 2, by striking from lines 23 and 24 the words "at the  
20 time of filing the franchise tax return with the department of  
21 revenue" and inserting in lieu thereof the words "and shall  
22 accompany the franchise tax return at the time of filing".

23 5. Page 2, line 29, by inserting after the word "paid" the word  
24 "quarterly".

25 6. Page 3, line 11, by inserting after the period the following:  
26 Financial institutions shall furnish all necessary informa-  
27 tion regarding business activity at the request of the director.

*Adopted*  
*as amended*  
3/16

28 7. Page 3, line 13, by striking the words "state comptroller" and  
29 inserting in lieu thereof the words "treasurer of state".

30 8. Page 5, by inserting after line 9 the following new section  
31 and renumbering the remaining section:

32 Chapter five hundred thirty-three point twenty-two (533.22),  
33 Code 1966, is hereby amended by adding the following:

34 "The moneys and credits tax on credit unions is hereby  
35 imposed at a rate of five mills on each dollar of legal and  
36 special reserves of every credit union, and shall be levied by the  
37 board of supervisors, and placed upon the tax list and collected  
38 by the county treasurer. The amount collected in each taxing  
39 district within a city or town shall be apportioned twenty percent  
40 to the county general fund, thirty percent to the city or town  
41 general fund, and fifty percent to the basic school tax equaliza-  
42 tion fund, and the amount collected in each taxing district out-  
43 side of cities and towns shall be apportioned fifty percent to the  
44 county general fund and fifty percent to the basic school tax  
45 equalization fund. The moneys and credits tax shall be collected  
46 at the location of the credit union as shown in its articles of  
47 incorporation."

*Adopted*  
3/16

Filed, division 1 amended and adopted,  
division 2 adopted  
March 16, 1970

By LANGE

- 1 Amend House File 1294, as amended and passed by the House,
- 2 by inserting in page 4, line 26, after the word "individuals."
- 3 the following:
- 4 In addition, money actually loaned at interest during the
- 5 last preceding calendar year shall be listed, assessed, and
- 6 taxed to the institution in the same manner and at the same
- 7 rate as stocks of merchandise are taxed under section four
- 8 hundred twenty-eight point seventeen (428.17) of the Code.

Filed - *Withdrawn 3/16*

March 9, 1970

By REICHARDT

- 1 Amend House File 1294 as passed by the House, page 1,
- line 28, by inserting after the period the following sentence
- 2 "Provided that the subtraction in section four hundred
- 3 twenty-two point thirty-five (422.35) of the Code, subsection
- 4 four (4), shall be, for the purposes of this Act, one hundred
- 5 percent of federal income taxes paid or accrued during the
- 6 year and the addition therein shall be of all Iowa franchise
- 7 or moneys and credits taxes deducted in computing taxable
- 8 income."
- 9

Filed - *Withdrawn 3/16*

March 12, 1970

By DAVIS

- 1 Amend the Lange amendment to House File 1294, dated March 16,
- 2 1970, by striking all of division 6.

Filed and withdrawn  
March 16, 1970

By OLLENBURG

- 1 Amend division 2 of the Lange amendment to House File 1294,
- 2 page 2, by inserting in line 7 following the word
- 3 "union," the words "except those invested in United States
- 4 government securities,".

Filed and lost  
March 16, 1970

By GLENN and FROMMELT

- 1 Amend House File 1294 as follows:
- 2 1. Page 2, line 24, by inserting before the period
- 3 the words "and the total moneys received shall be
- 4 deposited in the state general fund".
- 5 2. Page 2 by striking lines 25 through 35.
- 6 3. Page 3 by striking lines 1 through 16.
- 7 4. By renumbering the subsequent sections.

Filed and lost  
March 16, 1970

By HILL

- 1 Amend the Lange amendment filed March 16, 1970, to House
- 2 File 1294, line 27, by striking the words "regarding business
- 3 activity" and inserting in lieu thereof "for this purpose".

Filed and adopted  
March 16, 1970

By RIGLER

- 1 Amend House File 1294 as follows:
- 2 1. Page 2, line 32, by striking the word "Fifty"
- 3 and inserting in lieu thereof the word "Forty".
- 4 2. Page 3, by inserting following line 16, the
- 5 following new sub-section:
- 6 "Ten percent of the total moneys received from the
- 7 franchise tax shall be deposited in the state general
- 8 fund."

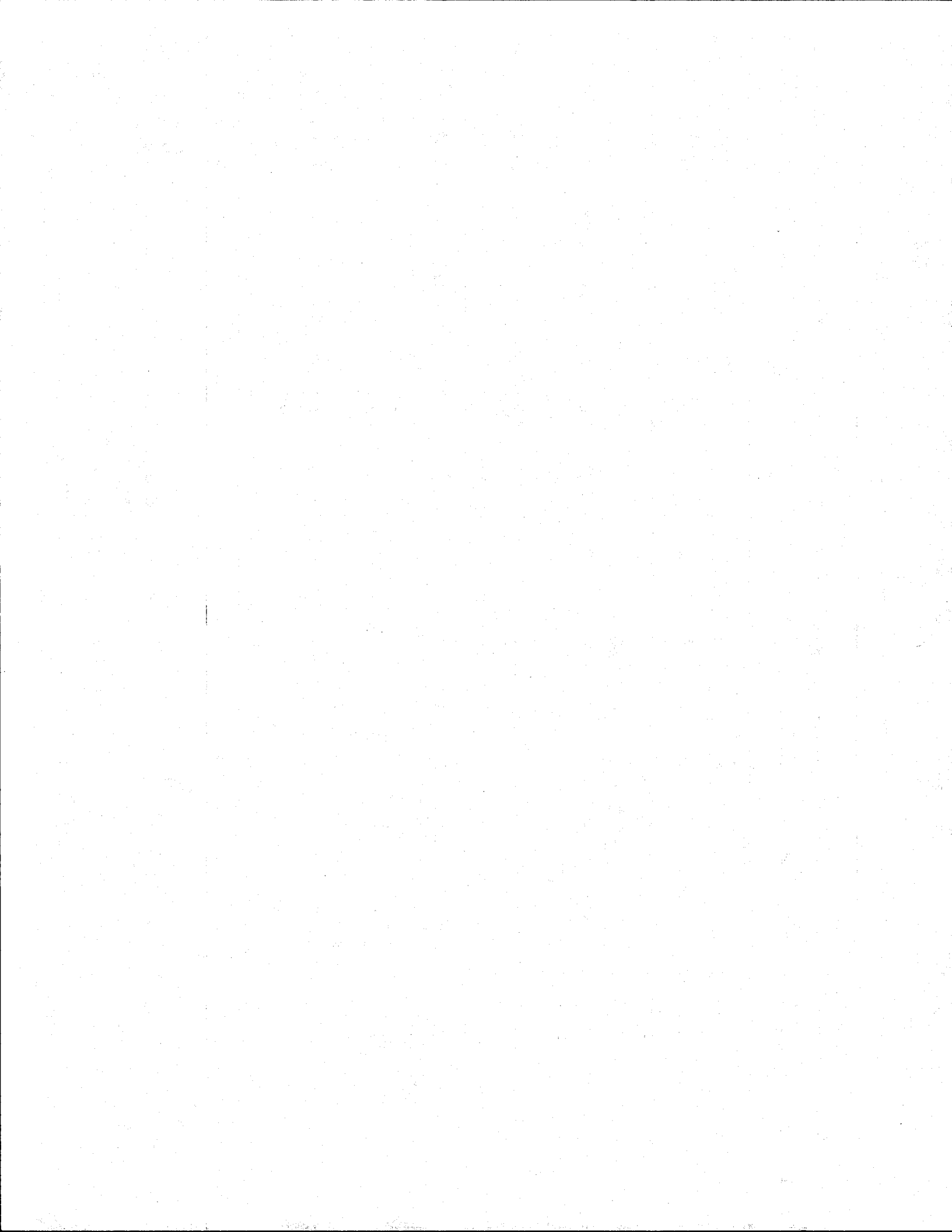
Filed and withdrawn  
March 16, 1970

By GLENN

- 1 Amend the Reichardt amendment to House File 1294, filed
- 2 March 9, 1970, and found on page 815 of the Senate Journal, as
- 3 follows:
- 4 1. By inserting in line 4 after the comma the words "ten
- 5 percent of".
- 6 2. By inserting in line 5 after the word "assessed" the words
- 7 "at twenty-seven percent of actual value".

Filed and lost  
March 16, 1970

By REICHARDT



**REPORT OF CONFERENCE COMMITTEE**  
**(HOUSE FILE 1294)**

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the conference committee appointed to consider the difference between the Senate and the House of Representatives on House File 1294, a bill for an Act relating to the taxation of financial institutions, and the taxation of money and credits, respectfully submit the following recommendations:

1. That the Senate recede from its amendments.
2. That House File 1294 as passed by the House be amended as follows:

1. By striking all after the enacting clause and inserting in lieu thereof the following:

- Section 1. Chapter four hundred twenty-two (422), Code 1966, is hereby amended by inserting a new division composed of sections two (2) through eight (8), inclusive, of this Act.

- Sec. 2. A franchise tax according to and measured by net income is hereby imposed on financial institutions.

*Adopted*  
*House 4/13*  
*Senate 4/13*

## House 2

Sec. 3. In this Act, unless the context otherwise requires:

1. "Financial institution" means a state bank as defined in chapter two hundred seventy-three (273), section one hundred three (103), subsection nineteen (19), Acts of the Sixty-third General Assembly, First Session, a national banking association having its principal office within this state, a trust company, a federally chartered savings and loan association, a financial institution chartered by the federal home loan bank board, an association incorporated or authorized to do business under chapter five hundred thirty-four (534) of the Code, or a production credit association.

2. "Taxable year" means the calendar year, or the fiscal year ending during a calendar year, for which the tax is payable.

3. "Taxpayer" means a financial institution subject to any tax imposed by this Act.

4. "Net income" means the net income of the financial institution computed in accordance with section four hundred twenty-two point thirty-five (422.35) of the Code, with the exception that interest and dividends from federal securities shall not be subtracted and interest and dividends from evidences of indebtedness and securities of this state and its political subdivisions, exempt from federal income tax under the Internal Revenue Code of 1945 as amended, shall not be added.

Sec. 4. The franchise tax is due and payable on the first day following the end of the taxable year of each financial institution, and is delinquent after the last day of the fourth month following the due date. Every financial institution shall file a return as prescribed by the director on or before the delinquency date. The provisions of this section shall become effective for all taxable years ending on or after January 1, 1970. For other than calendar year taxpayers, the tax due for the taxable year ending in 1970 shall be, for each month of the taxable year in 1970, one-twelfth of the tax which would be due if this section had been effective for the entire taxable year. As to fiscal years ending prior to the effective date of this Act, the time for filing a return is extended to the last day of the fourth month following such effective date.

Sec. 5. The franchise tax is imposed annually in an amount measured by applying the following rates to the net income received or accrued during the taxable year:

1. On the first twenty-five thousand dollars of net income, or any part thereof, five percent.

2. On the next fifty thousand dollars of net income, or any part thereof, six percent.

3. On the next twenty-five thousand dollars of net income, or any part thereof, seven percent.

4. On all net income in excess of one hundred thousand dollars, eight percent.

Sec. 6. The franchise tax shall be made payable to the trea-

### House 3

suror of state and shall accompany the franchise tax return at the time of filing.

Sec. 7. Ten percent of the total moneys received from the franchise tax shall be deposited in the state general fund. The remaining moneys received from the franchise tax shall be deposited in a franchise tax fund hereby established in the office of the treasurer of state, and shall be paid quarterly on warrants by the state comptroller, after certification by the director of revenue, as follows:

1. Fifty percent to the basic school tax equalization fund of the basic school tax unit from which the tax is collected, to be distributed in the same manner as other funds in the basic school tax equalization fund.
2. Thirty percent to the general fund of the city or town from which the tax is collected.
3. Twenty percent to the general fund of the county from which the tax is collected.

If the financial institution maintains one or more offices for the transaction of business, other than its principal office, a portion of its franchise tax shall be allocated to each office, based upon a reasonable measure of the business activity of each office. The director of revenue shall prescribe for each type of financial institution, a method of measuring the business activity of each office. Financial institutions shall furnish all necessary information for this purpose at the request of the director.

Quarterly, the director of revenue shall certify to the treasurer of state the amounts to be paid to each basic school tax unit, city, town, and county from the franchise tax fund. All moneys received from the franchise tax are hereby appropriated according to the provisions of this section.

Sec. 8. The department of revenue shall administer and enforce the provisions of this Act, and all applicable provisions of sections four hundred twenty-two point twenty-four (422.24), 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, and division five (V) of chapter four hundred twenty-two (422) of the Code, apply to financial institutions and to the franchise tax imposed by this Act.

Sec. 9. Section four hundred twenty-two point thirty-four (422.34), subsection one (1), Code 1966, as amended by chapter two hundred seventy-three (273), section one thousand eight hundred fourteen (1814), Acts of the Sixty-third General Assembly, First Session, is hereby further amended by inserting in line four (4) after the word "associations," the words "production credit associations,".

Sec. 10. Section four hundred twenty-two point seventy-one (422.71), Code 1966, as amended by chapter three hundred forty-two (342), section one hundred seventeen (117), Acts of the Sixty-second General Assembly, is hereby further amended by

#### House 4

striking lines twenty-seven (27) through thirty-four (34), inclusive, and inserting in lieu thereof the following:

"the county treasurer of each county and transmit them. The county treasurer shall apportion these amounts twenty percent to the county general fund, fifty percent to the basic school tax equalization fund, and the remaining thirty percent to cities and towns in the proportion that the taxable values for each county and town for 1965 of property subject to taxation in 1965 under sections four hundred twenty-nine point two (429.2) and four hundred thirty-one point one (431.1) of the Code is to the total of such taxable values for all cities and towns within the county."

Sec. 11. Section four hundred twenty-seven point thirteen (427.13), Code 1966, as amended by chapter three hundred fifty-six (356), section thirty-seven (37), Acts of the Sixty-second General Assembly, is hereby further amended by striking subsections four (4) through eight (8), inclusive.

Sec. 12. Section four hundred twenty-eight point twelve (328.12), Code 1966, as amended by chapter two hundred seventy-three (273), section one thousand eight hundred fifteen (1815), Acts of the Sixty-third General Assembly, First Session, is hereby further amended by striking from lines nine (9) and ten (10) the words and figure "as provided in chapter 430, for the taxing of private banks and bankers."

Sec. 13. Section four hundred twenty-eight point twenty-three (428.23), Code 1966, is hereby amended by striking lines seven (7), eight (9), and nine (9), and inserting in lieu thereof the words "same manner as is required of individuals."

Sec. 14. Section four hundred twenty-eight point twenty-seven (428.27), Code 1966, is hereby amended by striking from lines three (3) and four (4) the words and figures "as prescribed in sections 431.1 and 431.2".

Sec. 15. Chapter four hundred twenty-eight (428), Code 1966, is hereby amended by adding the following section:

"For the year 1970 and succeeding years, the real estate, fixtures, equipment, and tangible personal property of every financial institution, as defined in this Act, and of every credit union established under chapter five hundred thirty-three (533) of the Code, shall be listed, assessed, and taxed to the institution or the credit union in the same manner and at the same rate as such property in the hands of individuals."

Sec. 16. Chapters four hundred twenty-nine (429) and four hundred thirty (430), Code 1966, are hereby repealed.

Sec. 17. Section four hundred thirty A point two (430A.2), Code 1966, as amended by chapter two hundred seventy-three (273), section one thousand eight hundred twenty-one (1821), Acts of the Sixty-third General Assembly, First Session, is hereby further amended by striking from lines eight (8) and nine (9) the words and figures "except as provided in section 430A.7 hereof" and inserting in lieu thereof the words "or to production credit association."

Sec. 18. Section four hundred thirty A point three (430A.3),

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Code 1966, is hereby amended by striking lines eight (8), nine (9), and ten (10) and inserting in lieu thereof the following:

"which shall be levied by the board of supervisors, and placed upon the tax list and collected by the county treasurer. The amount collected in each taxing district in cities and towns shall be apportioned twenty percent to the county general fund, thirty percent to the city or town general fund, and fifty percent to the basic school tax equalization fund, and the amount collected in each taxing district outside of cities and towns shall be apportioned fifty percent to the county general fund and fifty percent to the basic school tax equalization fund. The".

Sec. 19. Section four hundred thirty A point seven (430A.7), Code 1966, is hereby repealed.

Sec. 20. Chapter four hundred thirty-one (431), Code 1966, is hereby repealed.

Sec. 21. Section five hundred thirty-three point twenty-two (533.22), Code 1966, is hereby amended as follows:

1. By inserting in line three (3) after the comma the words "tangible personal property,".

2. By adding the following:

"The moneys and credits tax on credit unions is hereby imposed at a rate of five mills on each dollar of legal and special reserves of every credit union, and shall be levied by the board of supervisors, and placed upon the tax list and collected by the county treasurer, except that an exemption shall be given to each credit union in the amount of four thousand dollars and, in addition, any amount of the legal and special reserves which are invested in United States government securities. The amount collected in each taxing district within a city or town shall be apportioned twenty percent to the county general fund, thirty percent to the city or town general fund, and fifty percent to the basic school tax equalization fund, and the amount collected in each taxing district outside of cities and towns shall be apportioned fifty percent to the county general fund and fifty percent to the basic school tax equalization fund. The moneys and credits tax shall be collected at the location of the credit union as shown in its articles of incorporation."

Sec. 22. No levies or collections shall be made based upon assessments made and other procedures undertaken prior to the effective date of this Act in connection with the imposition for the year 1970 of taxes repealed or made inapplicable by this Act.

Sec. 23. Section four hundred twenty-two point one (422.1), Code 1966, is hereby amended by inserting after line nine (9) the following:

"Division VII. Taxation of financial institutions."

Sec. 24. This Act being deemed of immediate importance shall be in full force and effect from and after its final approval and publication in The Evening Sentinel, a newspaper published at Shenandoah, Iowa, and the Council Bluffs Nonpareil, a newspaper published at Council Bluffs, Iowa.

2. By inserting in line 1 of the title after the word "insti-

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tutions" the words "and credit unions".

3. The committee recommends that after the full effect of the personal property tax and recent federal legislation is known, subsequent legislatures review the impact of this Act to ensure its equity.

On the part of the House:

**MAURICE A. VAN NOSTRAND,**

Chairman

**DENNIS L. FREEMAN**

**SCOTT McINTYRE, JR.**

**ED SKINNER**

On the part of the Senate:

**CLIFTON C. LAMBORN, Chairman**

**JOSEPH C. COLEMAN**

**ELMER F. LANGE**

**EDWARD E. NICHOLSON**

Filed

April 8, 1970

## SENATE AMENDMENT TO HOUSE FILE 1294

1 Amend House File 1294, as amended and passed by the House, as  
2 follows:

3 1. Page 1, by inserting after line 3 the following new section  
4 one (1) and renumbering the remaining sections:

5 "Chapter four hundred twenty-two (422), Code 1966, is hereby  
6 amended by inserting a new division composed of sections two (2)  
7 through eight (8), inclusive, of this Act."

8 2. Page 1, by striking lines 27 and 28 and inserting in lieu  
9 thereof the following: "exception that interest and dividends  
10 from federal securities shall not be subtracted and interest  
11 and dividends from evidences of indebtedness and securities of  
12 this state and its political subdivisions, exempt from federal  
13 income tax under the Internal Revenue Code of 1945 as amended,  
14 shall not be added."

15 3. Page 2, by striking lines 4 through 9, inclusive, and  
16 inserting in lieu thereof the following: "file a return as  
17 prescribed by the director on or before the delinquency date.  
18 The provisions of this section shall become effective for all  
19 taxable years on or after January 1, 1970. For other  
20 than calendar year taxpayers, the tax due for the taxable year  
21 ending in 1970 shall be, for each month of the taxable year in  
22 1970, one-twelfth of the tax which would be due if this section  
23 had been effective for the entire taxable year. As to fiscal  
24 years ending".

25 4. Page 2, line 22, by inserting after the word "be" the word  
26 "made".

27 5. Page 2, by striking from lines 23 and 24 the words "at the  
28 time of filing the franchise tax return with the department of  
29 revenue" and inserting in lieu thereof the words "and shall  
30 accompany the franchise tax return at the time of filing".

31 6. Page 2, line 29, by inserting after the word "paid" the  
32 word "quarterly".

33 7. Page 3, line 11, by inserting after the period the following:  
34 "Financial institutions shall furnish all necessary information  
35 for this purpose at the request of the director."

36 8. Page 3, line 13, by striking the words "state comptroller"  
37 and inserting in lieu thereof the words "treasurer of state".

38 9. Page 5, by inserting after line 9 the following new section  
39 and renumbering the remaining section:

40 "Chapter five hundred thirty-three point twenty-two (533.22),  
41 Code 1966, is hereby amended by adding the following:

42 "The moneys and credits tax on credit unions is hereby  
43 imposed at a rate of five mills on each dollar of legal and  
44 special reserves of every credit union, and shall be levied by  
45 the board of supervisors, and placed upon the tax list and  
46 collected by the county treasurer. The amount collected in each  
47 taxing district within a city or town shall be apportioned twenty  
48 percent to the county general fund, thirty percent to the city or  
49 town general fund, and fifty percent to the basic school tax  
50 equalization fund, and the amount collected in each taxing district  
51 outside of cities and towns shall be apportioned fifty percent to  
52 the county general fund and fifty percent to the basic school  
53 tax equalization fund. The moneys and credits tax shall be  
54 collected at the location of the credit union as shown in its  
55 articles of incorporation."

*House referred  
to council 4/2  
Senate initiated 4/3*

- 1 Amend the Senate amendment to House File 1294 by
- 2 inserting after line 24 the following:
- 3 4. Page 2, by striking lines 14 through 21 and inserting in
- 4 lieu thereof the following:
- 5 "determined by applying the rate of nine percent to the
- 6 net income received or accrued during the taxable year."
- 7 and by renumbering the amendments accordingly.

Filed  
April 1, 1970

VAN NOSTRAND of Pottawattamie

- 1 Amend the Senate amendment to House File 1294
- 2 as follows:
- 3 1. Line 10, by inserting after the word "and"
- 4 the following: ", effective January 1, 1972,".
- 5 2. Line 14, by inserting after the period the
- 6 following: "Until January 1, 1972, the subtraction
- 7 in subsection four (4) shall be of one hundred per-
- 8 cent (100%) of federal income taxes, after which
- 9 date this sentence shall not be effective."

Filed  
March 23, 1970

LAWSON of Cerro Gordo  
DARRINGTON of Harrison  
MENDENHALL of Allamakee  
CRABB of Crawford  
BATTLES of Jackson

- 1 Amend Senate amendment to House File 1294 by
- 2 striking lines 8 through 14 and renumbering the
- 3 subsequent amendments.

Filed  
April 2, 1970

VAN NOSTRAND of Pottawattamie

- 1 Amend the Senate Amendment to House File 1294, line thirty (30),
- 2 by inserting after the period (.) the following:
- 3 "Production credit associations paying a tax hereunder shall
- 4 not be liable for the tax imposed by Chapter four hundred thirty A
- 5 (430A), Code 1966. Assessments and other procedures taken in
- 6 connection with the imposition for the year 1970 on all of the
- 7 financial institutions included in this Act of taxes repealed
- 8 by this Act are declared to be null and void."

Filed  
April 2, 1970

FREEMAN of Buena Vista