

April 24, 1969
Place on Calendar

Reprinted 5/19
HOUSE FILE 810

By COMMITTEE ON WAYS AND MEANS

Passed House, Date 5-16-69 Passed Senate, Date.....
Vote: Ayes 77 Nays 34 Vote: Ayes Nays
Approved

A BILL FOR

1 An Act relating to the Iowa income tax.

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

3 Section 1. Section four hundred twenty-two point four
4 (422.4), Code 1966, as amended by chapter three hundred forty-
5 four (344), section one (1), and three hundred forty-five (345),
6 section one (1), Acts of the Sixty-second General Assembly, is
7 hereby repealed and the following enacted in lieu thereof:

8 "For the purpose of this division and unless otherwise
9 required by context:

10 1. 'Person' includes individuals and fiduciaries.

11 2. 'Income year' means the calendar year or the fiscal year
12 upon the basis of which the Iowa income is computed under this
13 division.

14 3. 'Tax year' means the calendar year, or the fiscal year
15 ending during such calendar year, upon the basis of which the
16 Iowa income is computed under this division.

17 4. 'Fiscal year' means an accounting period of twelve
18 months, ending on the last day of any month other than Decem-
19 ber.

20 5. 'Federal income tax liability' means the federal income
21 tax payable by a taxpayer for a tax year under the laws of the
22 United States, before allowance of the retirement income credit,
23 investment credit, foreign tax credit, excess F.I.C.A. credit
24 or nonhighway federal gasoline tax credit, and before the addi-
25 tion of any surtax upon that liability granted or imposed under

1 the laws of the United States.

2 6. 'Laws of the United States' means for any tax year,
3 the statutes of the United States and the regulations of the
4 Internal Revenue Service relating to federal income taxes
5 effective for the tax year, which were in existence on Jan-
6 uary 1, 1969.

7 7. 'Internal Revenue Code' means the Internal Revenue
8 Code of 1954, as amended, to and including January 1, 1969.

9 8. 'Resident' applies only to individuals and includes
10 any individual domiciled in the state, and any other individual
11 who maintains a permanent place of abode within the state.

12 9. 'Individual' means a natural person.

13 10. 'Nonresident' applies only to individuals, and in-
14 cludes all individuals who are not 'residents' within the
15 meaning of subsection eight (8) of this section.

16 11. 'Fiduciary' means a guardian, trustee, executor, ad-
17 ministrator, receiver, conservator, or any person, whether
18 individual or corporate, acting in any fiduciary capacity for
19 any person, trust, or estate.

20 12. 'Wages' has the same meaning provided by the Internal
21 Revenue Code.

22 13. 'Employer' means one who has a right to exercise con-
23 trol as to how, when, and where services are to be performed.

24 14. 'Other person' means that person or entity properly
25 empowered to act in behalf of an individual payee and includes
26 authorized agents of such payees whether they be individuals
27 or married couples.

28 15. 'Withholding agent' means any individual, fiduciary,
29 estate, trust, corporation, partnership, or association in
30 whatever capacity acting, and including all officers and em-
31 ployees of the state of Iowa, or any municipal corporation of
32 the state of Iowa, and of any school district or school board
33 of the state, or any of its political subdivisions, or any tax-
34 supported unit of government that is obligated to pay or has
35 control of paying or does pay to any resident or nonresident

1 of the state of Iowa or his agent any wages that are subject
2 to the Iowa income tax in the hands of such resident or non-
3 resident, or any of the above designated entities making pay-
4 ment or having control of making such payment of any taxable
5 Iowa income to any nonresident.”

6 Sec. 2. Section four hundred twenty-two point five (422.5),
7 Code 1966, as amended by chapter three hundred forty-eight (348),
8 section fourteen (14), Acts of the Sixty-second General Assembly,
9 is hereby repealed and the following enacted in lieu thereof:

10 “The provisions of this Act shall apply to:

- 11 1. Tax years beginning January 1, 1969.
- 12 2. Fractions of fiscal years ending in 1969 computed from
13 January 1, 1969.
- 14 3. Tax years beginning in 1969 and ending in 1970.
- 15 4. All ensuing tax years.

16 However, nothing herein shall be construed to affect any
17 tax liability, or actions or causes of action incident thereto,
18 which arose or might have arisen under chapter four hundred
19 twenty-two (422) of the Code, prior to January 1, 1969.”

20 Sec. 3. Section four hundred twenty-two point six (422.6),
21 Code 1966, is hereby repealed and the following enacted in
22 lieu thereof:

23 “There is hereby imposed upon every resident and nonresident
24 individual required to make a return and pay a tax under the
25 laws of the United States, a tax upon what the federal income
26 tax liability would have been for the same tax year upon the
27 total Iowa income, at the following rates, except that no tax
28 shall be due from any taxpayer with an Iowa income of less than
29 four thousand dollars:

- 30 1. On the first two hundred dollars of federal tax liability,
31 or any part thereof, five percent.
- 32 2. On the next two hundred dollars of federal tax liability,
33 or any part thereof, nine percent.
- 34 3. On the next four hundred dollars of federal tax liability,
35 or any part thereof, fourteen percent.

1 4. On the next twelve hundred dollars of federal tax
2 liability, or any part thereof, seventeen percent.

3 5. On all remaining federal tax liability over two thou-
4 sand dollars, twenty percent.”

5 Sec. 4. Section four hundred twenty-two point seven (422.7),
6 Code 1966, as amended by chapter three hundred forty-two (342),
7 section seventy-three (73), Acts of the Sixty-second General
8 Assembly, is hereby repealed and the following enacted in lieu
9 thereof:

10 “The tax imposed by section four hundred twenty-two point
11 six (422.6) of the Code shall apply to and become a charge
12 against estates and trusts with respect to their federal in-
13 come tax liability, as recomputed on their Iowa income, and
14 the rates shall be the same as those applicable to individuals.
15 The fiduciary shall be responsible for making the return of
16 income for the estate or trust for which he acts, whether such
17 income is taxable to the estate or trust or the beneficiaries.”

18 Sec. 5. Section four hundred twenty-two point eight (422.8),
19 Code 1966, as amended by chapter three hundred forty-two (342),
20 section seventy-four (74), Acts of the Sixty-second General
21 Assembly, is hereby repealed and the following enacted in lieu
22 thereof:

23 “1. For any tax year, the Iowa income is the taxable income
24 of the taxpayer, as computed under the Internal Revenue Code,
25 for that tax year, with the following adjustments:

26 a. Subtract net interest and dividends from federal secur-
27 ities.

28 b. Add net interest and dividends from foreign securities
29 and from securities of state and other political subdivisions
30 exempt from federal income tax under the Internal Revenue Code.

31 c. Subtract installment payments received by a beneficiary
32 under an annuity which was purchased under an employee’s pen-
33 sion or retirement plan when the computed value of said in-
34 stallments has been included as a part of the decedent employee’s
35 estate for Iowa inheritance tax purposes.

1 d. Subtract any other income exempted by other provisions
2 of the Iowa Code as effective on January 1, 1969, to the extent
3 that such income was not deducted in computing the taxpayer's
4 federal income tax liability.

5 e. If the taxpayer does not itemize deductions, determine:

6 (1) The standard deduction taken on the federal return.

7 (2) What the federal standard deduction would have been

8 on the federal adjusted gross income as adjusted by paragraphs
9 a, b, and c of this subsection. If the determination at line
10 one (1) of this paragraph is greater than line two (2), add
11 the difference. If the determination at line two (2) of this
12 paragraph is greater than line one (1), subtract the differ-
13 ence.

14 2. For any tax year, the Iowa income for a nonresident is
15 the sum of the following items of income to the extent they are
16 required to be included in the federal adjusted gross income of
17 the taxpayer after making the adjustments enumerated in sub-
18 section one (1) of this section:

19 a. Rents and royalties derived from the ownership of
20 property located within this state.

21 b. Gains and losses from the sale or exchange of property
22 located within this state.

23 c. Wages, salaries, commissions, or other income received
24 with respect to services performed within this state.

25 d. Income derived from every business, trade, occupation,
26 or profession of the taxpayer to the extent that the business,
27 trade, occupation, or profession is carried on within this
28 state.

29 e. If any income is received from a business, trade, occu-
30 pation, or profession carried on partly within and partly with-
31 out this state, only such portion of said income as is fairly
32 and equitably attributable to that part of the business, trade,
33 occupation, or profession carried on within this state shall
34 be allocated to this state; income from any property, trust,
35 estate, or other sources within this state shall be allocated

1 to this state, except that annuities, interest on bank deposits
2 and interest-bearing obligations, and dividends shall be allo-
3 cated to this state only to the extent to which they are de-
4 rived from a business, trade, occupation, or profession
5 carried on within this state.

6 3. The income of resident and nonresident estates and trusts
7 shall be allocated in the same manner as individuals.

8 4. For any tax year, the Iowa income of a part-year resident
9 is the sum of:

10 a. All items of income constituting Iowa income for the
11 purposes of subsection one (1) of this section which are earned
12 or received during the period of the taxpayer's residency in
13 this state.

14 b. All items of income constituting Iowa income for the
15 purposes of subsection two (2) of this section which are earned
16 or received during the period of the taxpayer's nonresidence
17 in this state."

18 Sec. 6. Section four hundred twenty-two point nine (422.9),
19 Code 1966, as amended by chapter three hundred forty-two (342),
20 section seventy-five (75), and chapter three hundred forty-six
21 (346), section one (1), Acts of the Sixty-second General Assem-
22 bly, is hereby repealed and the following enacted in lieu
23 thereof:

24 "Any taxpayer, upon request, shall furnish to the director
25 a true and correct copy of any tax return which he has filed
26 with the Internal Revenue Service. Every taxpayer shall notify
27 the director in writing of any alteration or modification of
28 his federal income tax return and of any recomputation of tax
29 or determination of deficiency, whether with or without assess-
30 ment. A full statement of the facts shall accompany this
31 notice, which shall be filed within twenty days after such
32 alteration, modification, recomputation, or determination of
33 deficiency, and the taxpayer shall pay the additional Iowa
34 tax or penalty hereunder."

35 Sec. 7. Section four hundred twenty-two point twelve (422.12),

1 Code 1966, as amended by chapter three hundred forty-eight (348),
2 section fifteen (15), Acts of the Sixty-second General Assembly,
3 is hereby repealed and the following enacted in lieu thereof:

4 "1. If the federal income tax liability of husband or wife
5 is determined on separate federal returns, their tax liabilities
6 imposed by this division shall be separately determined.

7 2. If the federal income tax liability of husband and wife
8 is determined on a joint federal return, their tax liability
9 imposed by this division shall be determined on the basis of
10 their joint federal tax liability.

11 3. If a joint return is made, the liability of husband and
12 wife with respect to the tax payable hereunder shall be joint
13 and several."

14 Sec. 8. Section four hundred twenty-two point thirteen
15 (422.13), Code 1966, is hereby repealed and the following
16 enacted in lieu thereof:

17 "1. Every individual having an Iowa income of four thousand
18 dollars or more shall make, sign, and file an Iowa individual
19 income tax return.

20 2. If the taxpayer is unable to make his own return, the
21 return shall be made by a duly authorized agent or by a guard-
22 ian or other person charged with the care of the person or
23 property of such taxpayer.

24 3. A nonresident taxpayer shall file a copy of his fed-
25 eral income tax return for the current tax year with the return
26 required by this section."

27 Sec. 9. Section four hundred twenty-two point fourteen
28 (422.14), subsection one (1), Code 1966, is hereby amended
29 as follows:

30 1. By striking from line five (5) the words "taxable income
31 thereof".

32 2. By striking from line six (6) the words "amounts to six
33 hundred" and inserting in lieu thereof the words "Iowa income
34 amounts to four thousand".

35 Sec. 10. Section four hundred twenty-two point sixteen

1 (422.16), Code 1966, as amended by chapter three hundred
2 forty-two (342), section seventy-eight (78), Acts of the
3 Sixty-second General Assembly, is hereby further amended as
4 follows:

5 1. By striking from subsection eight (8), line twelve (12),
6 the figure "422.5" and inserting in lieu thereof the figure
7 "422.6".

8 2. By striking from subsection eleven (11), paragraph a,
9 line nineteen (19), the words "on or before".

10 3. By striking from subsection eleven (11), paragraph a,
11 line twenty (20), the words and figures "June 30, September 30,
12 and January 31" and inserting in lieu thereof the following:
13 "at the same time and in the same manner as installments"
14 payable to the Internal Revenue Service under the provisions
15 of the Internal Revenue Code".

16 4. By striking from subsection eleven (11), paragraph b,
17 line nine (9), the figure "30" and inserting in lieu thereof
18 the word "fifteenth".

19 5. By striking from subsection eleven (11), paragraph b,
20 line twelve (12), the word "last" and inserting in lieu thereof
21 the word "fifteenth".

22 Sec. 11. Section four hundred twenty-two point nineteen
23 (422.19), Code 1966, is hereby repealed.

24 Sec. 12. Section four hundred twenty-two point twenty-
25 one (422.21), Code 1966, as amended by chapter three hundred
26 forty-two (342), section eighty-one (81), and chapter three
27 hundred forty-seven (347), section one (1), Acts of the Sixty-
28 second General Assembly, is hereby further amended as follows:

29 1. By striking from line three (3) the words ", and shall
30 be filed".

31 2. By striking lines four (4) and five (5).

32 3. By striking from line six (6) the words "tax year".

33 4. By striking from line sixteen (16) all after the period.

34 5. By striking lines seventeen (17) through twenty (20),
35 inclusive.

1 6. By striking lines twenty-five (25) through sixty-two
2 (62), inclusive.

3 Sec. 13. Chapter four hundred twenty-two (422), division
4 II, Code 1966, is hereby amended by adding the following
5 sections:

6 "A taxpayer of this state who was a resident for the full
7 tax year shall receive credit against the tax imposed by sec-
8 tion four hundred twenty-two point six (422.6) of this division,
9 for taxes imposed by, and paid to, another state or territory
10 of the United States, or the District of Columbia, upon his
11 income derived from sources within that state, territory, or
12 district during that tax year, except that the credit shall
13 not exceed what the amount of the Iowa tax would have been on
14 the income which was taxed by the other state, territory, or
15 the District of Columbia. The limitation on this credit shall
16 be computed according to the following formula:

17 1. Income earned in another state, territory, or the Dis-
18 trict of Columbia and taxed by such state, territory,
19 or the District of Columbia, shall be divided by the total
20 income of the taxpayer resident in Iowa.

21 2. Said quotient multiplied times the Iowa tax as deter-
22 mined on the total income of the taxpayer as if entirely
23 earned in Iowa shall be the maximum tax credit against the
24 Iowa tax."

25 "The total amount of tax imposed by this Act shall be due
26 and payable to the Treasurer, State of Iowa, at the same time
27 and in the same manner as the tax payable to the Internal
28 Revenue Service under the provisions of the Internal Revenue
29 Code."

30 Sec. 14. Section four hundred twenty-two point thirty-two
31 (422.32), Code 1966, as amended by chapter three hundred forty-
32 five (345), section two (2), Acts of the Sixty-second General
33 Assembly, is hereby further amended as follows:

34 1. By inserting after line sixteen (16) the following
35 subsections:

1 "The word 'paid', for the purposes of the deductions under
 2 this division, means 'paid or accrued' or 'paid or incurred',
 3 and the terms 'paid or incurred' and 'paid or accrued' shall
 4 be construed according to the method of accounting upon the
 5 basis of which the net income is computed under this division.
 6 The term 'received', for the purpose of the computation of net
 7 income under this division, means 'received or accrued', and
 8 the term 'received or accrued', shall be construed according
 9 to the method of accounting upon the basis of which the net
 10 income is computed under this division."

11 "The words 'foreign country' mean any jurisdiction other
 12 than one embraced within the United States. The words 'United
 13 States', when used in a geographical sense, include the states,
 14 the District of Columbia, and the possessions of the United
 15 States."

16 "The word 'individual' means a natural person; and where
 17 an individual is permitted to file as a corporation, under the
 18 provisions of the Internal Revenue Code, such fictional status
 19 shall not be recognized for purposes of this chapter, and such
 20 individual's taxable income shall be computed as required under
 21 the provisions of the Internal Revenue Code relating to indi-
 22 viduals not filing as a corporation, with the adjustments
 23 allowed by this chapter."

24 2. By striking from line eighteen (18) the words and figures
 25 "1, and 3 to 10" and inserting in lieu thereof the words and
 26 figures "2 to 4, 8 and 11".

27 Sec. 15. This Act, being deemed of immediate importance,
 28 shall take effect and be in force from and after its publica-
 29 tion in the, a newspaper
 30 published in, Iowa, and in the
 31, a newspaper published in
 32 Iowa.

EXPLANATION OF HOUSE FILE 810

This bill replaces the present Iowa income tax on individuals and fiduciaries with a tax based upon the federal income tax liability. The tax is

graduated from five percent on federal tax liability of up to two hundred dollars to twenty percent on federal income tax liability over two thousand dollars, except that no Iowa income tax is due from persons with Iowa income of less than four thousand dollars. The federal tax liability is based on Iowa income, which excludes interest and dividends on federal securities and makes some other adjustments from federal taxable income. The computation is based on the Internal Revenue Code effective January 1, 1969. The bill provides that Iowa returns will be due on the same date as federal returns.

Date prepared May 12, 1969

Requested by Representative Koch.

Prepared in regard to amendment to House File 810, a bill for an act relating to the Iowa income tax.

Following is the fiscal effect in dollars of the legislative proposal as required by Rule 47:

Approximate loss of revenue per year \$750,000
Source: Office of State Comptroller.

GERRY D. RANKIN
Legislative Fiscal Director

-
- 1 Amend the Koch amendment to House File 810, filed May 12,
 - 2 by striking lines eight (8) through eleven (11) and inserting in lieu thereof
 - 3 the following:
 - 4 " , except that no tax is imposed on the first three thousand dollars
 - 5 of net income on any resident or nonresident whose net income, as
 - 6 defined in section four hundred twenty-two point seven (422.7) of the
 - 7 Code is four thousand dollars or less".

Filed and lost ✓
May 16, 1969

GANNON of Jasper

-
- 1 Amend the Koch of Woodbury amendment to House File 810
 - 2 by striking in line twenty (20) the words "thirty dollars", and
 - 3 placing in lieu thereof the words "forty-five dollars".

Filed and lost ✓
May 16, 1969

DOYLE of Woodbury

-
- 1 Amend the Koch amendment to House File 810, filed
 - 2 May 12, 1969, by striking all of lines three (3) through
 - 3 twenty-nine (29) and inserting in lieu thereof the following:
 - 4 "Senate File 286, Acts of the Sixty-third General Assembly
 - 5 is hereby repealed."

Filed and lost ✓
May 16, 1969

GANNON of Jasper

-
- 1 Amend House File 810 as follows:
 - 2 1. Page 5 by inserting after line four (4) the following
 - 3 new paragraph:
 - 4 "e. Subtract the amount donated to a political party
 - 5 or parties as defined by section forty-three point two
 - 6 (43.2) of the Code, not to exceed one hundred dollars."
 - 7 2. By renumbering the subsequent paragraph as "f".

Filed
May 2, 1969

PELTON of Clinton
FREEMAN of Buena Vista
ELLSWORTH of Dubuque
BAKER of Boone
MAYBERRY of Webster
MIDDLESWART of Warren
SCHROEDER of Pottawattamie
HUFF of Polk
KITNER of Buchanan
MILLER of Des Moines
BAILEY of Wright
LOGUE of Iowa
KENNEDY of Chickasaw

*Withdrawn
5-16-69*

-
- 1 Amend the Koch amendment to House File 810 as follows:
 - 2 1. By striking from line ten (10) the word "three" and inserting
 - 3 in lieu thereof the word "four".
 - 4 2. By striking from line twenty-eight (28) the word "three"
 - 5 and inserting in lieu thereof the word "four".

Filed and lost ✓
May 16, 1969

BENNETT of Polk
BLOUIN of Dubuque

1 Amend House File 810 by striking everything after the enacting
2 clause and inserting in lieu thereof the following:

3 Section 1. Section four hundred twenty-two point five (422.5),
4 Code 1966, as amended by chapter three hundred forty-eight (348),
5 section fourteen (14), Acts of the Sixty-second General Assembly,
6 is hereby further amended by inserting in line twelve (12) after
7 the word "follows" the following:

8 " , except that no tax is imposed on any resident or nonresident
9 whose net income, as defined in section four hundred twenty-two
10 point seven (422.7) of the Code, is three thousand dollars or
11 less".

12 Sec. 2. Section four hundred twenty-two point twelve (422.12),
13 as amended by chapter three hundred forty-eight (348), section
14 fifteen (15), Acts of the Sixty-second General Assembly, is hereby
15 further amended by striking subsections one (1) and two (2) and
16 inserting in lieu thereof the following:

17 "1. For a single individual, or a married person filing a
18 separate return, fifteen dollars.

19 2. For a head of household, or a husband and wife filing a
20 joint return, thirty dollars."

21 Sec. 3. Section four hundred twenty-two point thirteen
22 (422.13), Code 1966, is hereby amended as follows:

23 1. By striking subsections one (1) and two (2) and inserting
24 in lieu thereof the following:

25 "Every resident and every nonresident with income taxable by
26 this state, having net income for the tax year, as defined in
27 section four hundred twenty-two point seven (422.7), of the Code,
28 of over three thousand dollars, shall make and sign a return."

29 2. By renumbering the remaining subsections.

EXPLANATION

This amendment provides that any individual, whether resident or non-resident with taxable Iowa income, whose net income from all sources is three thousand dollars or less, is not subject to the Iowa income tax and need not file a return. Net income is federal adjusted gross income with the adjustments specified in section four hundred twenty-two point seven (422.7) of the Code. If a married person files separately, he will not be able to deduct a personal exemption for his spouse.

Filed
May 12, 1969

Adopted
5-16-69

KOCH of Woodbury

May 19, 1969

HOUSE FILE 810
By COMMITTEE ON WAYS AND MEANS
(AS AMENDED AND PASSED
BY THE HOUSE)

Passed House, Date 5-16-69 Passed Senate, Date 5-22-69

Vote: Ayes 77 Nays 34 Vote: Ayes 40 Nays 11

Approved

Passed House as amended by Senate 5/23; 84-29

A BILL FOR

- 1 An Act relating to the Iowa income tax.
- 2 *Be It Enacted by the General Assembly of the State of Iowa:*
- 3 Section 1. Section four hundred twenty-two point
- 4 five (422.5), Code 1966, as amended by chapter three
- 5 hundred forty-eight (348), section fourteen (14), Acts
- 6 of the Sixty-second General Assembly, is hereby further
- 7 amended by inserting in line twelve (12) after the word
- 8 "follows" the following:
- 9 " , except that no tax is imposed on any resident or
- 10 nonresident whose net income, as defined in section four
- 11 hundred twenty-two point seven (422.7) of the Code, is
- 12 three thousand dollars or less".
- 13 Sec. 2. Section four hundred twenty-two point twelve
- 14 (422.12), Code 1966, as amended by chapter three hundred
- 15 forty-eight (348), section fifteen (15), Acts of the
- 16 Sixty-second General Assembly, is hereby further amended
- 17 by striking subsections one (1) and two (2) and inserting
- 18 in lieu thereof the following:
- 19 "1. For a single individual, or a married person
- 20 filing a separate return, fifteen dollars.
- 21 2. For a head of household, or a husband and wife
- 22 filing a joint return, thirty dollars."
- 23 Sec. 3. Section four hundred twenty-two point
- 24 thirteen (422.13), Code 1966, is hereby amended as
- 25 follows:

- 1 1. By striking subsections one (1) and two (2)
- 2 and inserting in lieu thereof the following:
- 3 "Every resident and every nonresident with income
- 4 taxable by this state, having net income for the tax
- 5 year, as defined in section four hundred twenty-two
- 6 point seven (422.7) of the Code, of over three thousand
- 7 dollars, shall make and sign a return."
- 8 2. By renumbering the remaining subsections.

EXPLANATION OF HOUSE FILE 810

This amendment provides that any individual, whether resident or non-resident with taxable Iowa income, whose net income from all sources is three thousand dollars or less, is not subject to the Iowa income tax and need not file a return. Net income is federal adjusted gross income with the adjustments specified in section four hundred twenty-two point seven (422.7) of the Code. If a married person files separately, he will not be able to deduct a personal exemption for his spouse.

FISCAL NOTE
HOUSE FILE 810

Date prepared May 20, 1969

Requested by Senator Lange.

Prepared in regard to House File 810, a bill for an act relating to the Iowa Income Tax. (Amendment by Senator Lange).

Following is the fiscal effect in dollars of the legislative proposal as required by Rule 47.

Amendment to exclude men in armed services more than six months for active duty.

Approximate yearly cost \$50,000.

Source: Office of State Comptroller.

Filed
May 20, 1969

GERRY D. RANKIN
Legislative Fiscal Director

- 1 Amend House File 810 by adding the following new section:
- 2 "Section four hundred twenty-two point five (422.5),
- 3 Code 1966, as amended by chapter three hundred forty-eight
- 4 (348), section fourteen (14), Acts of the Sixty-second General
- 5 Assembly, is hereby further amended by inserting in line
- 6 fifty-one (51) after the figure '1939' the following: ', but
- 7 shall not apply to the first twenty-four hundred dollars which would
- 8 otherwise be subject to state income tax and which is received
- 9 each year as annuities or retirement pay by members or former
- 10 members of the armed forces of the United States'."

Filed - Last 5-21
May 20, 1969

By RIGLER

- 1 Amend the ways and means committee amendment, filed May 20,
- 2 1969,
- 3 to House File 810, line 13, by inserting after the word "less" the
- 4 following: ", but in the event that the payment of tax under this
- 5 division would reduce the net income to less than three thousand dollars,
- 6 then the tax shall be reduced to that amount which would result in
- allowing the taxpayer to retain a net income of three thousand dollars".

Filed and adopted
May 21, 1969

By DeKOSTER and GLENN

- 1 Amend House File 810, as passed by the House, by adding
- 2 the following new section:
- 3 Section four-hundred twenty two point five, subsection
- 4 six (422.5 (6)), of the Code is hereby amended by striking in
- 5 line 3 of subsection six the word, "three-fourths", and by
- 6 inserting in lieu thereof the words, "one and one-fourth".

Filed and withdrawn
May 21, 1969

By SHIRLEY and NEU

- 1 Amend the committee on ways and means amendment to House File
- 2 810
- 3 by striking from lines 12, 25 and 26
- 4 the word,
- 5 "three", and insert in lieu thereof in each instance the
- 6 word, "four".

Filed and lost
May 21, 1969

By SHIRLEY, NEU, WALSH and DODDS

1 Amend House File 810, as amended and passed by the
2 House, as follows:
3 1. Strike lines 3 through 12 on page 1 and insert
4 in lieu thereof the following:
5 "Section 1. Section four hundred twenty-two point
6 five (422.5), Code 1966, as amended by chapter three hundred
7 forty-eight (348), section fourteen (14), Acts of the Sixty-
8 second General Assembly, is hereby further amended by inserting
9 the following paragraph after line forty-four (44):
10 "However, no tax shall be imposed on any resident or
11 nonresident whose net income, as defined in section four
12 hundred twenty-two point seven (422.7) of the Code, is three
13 thousand dollars or less. The preceding sentence does not
14 apply to estates or trusts. For the purpose of this
15 paragraph, the entire net income, including any part thereof
16 not allocated to Iowa, shall be taken into account. If the
17 combined net income of a husband and wife exceeds three
18 thousand dollars, neither of them shall receive the benefit
19 of this paragraph, and it is immaterial whether they file a
20 joint return or separate returns. An unmarried child under
21 twenty-one years of age who is dependent of his parent
22 or parents as defined in section four hundred twenty-two
23 point twelve (422.12) of the Code, shall not receive the
24 benefit of this paragraph if such parent's net income exceeds
25 three thousand dollars or if the combined net income of such
26 parents exceeds three thousand dollars."
27 2. Strike lines 23 through 25 on page 1 and lines 1
28 through 8 on page 2 and insert in lieu thereof the following:
29 "Sec. 3. Section four hundred twenty-two point
30 thirteen (422.13), Code 1966, is hereby amended by striking
31 subsections one (1) and two (2) and inserting in lieu thereof
32 the following:
33 "1. Every resident of Iowa who is required to file a
34 federal income tax return under the Internal Revenue Code
35 of 1954, or who has a net income of one thousand dollars
36 or more for the tax year from sources taxable under this
37 division, shall make and sign a return.
38 "2. Every nonresident who is required to file a federal
39 income tax return under the Internal Revenue Code of 1954
40 and who has a net income of one thousand dollars or more
41 for the tax year from sources taxable under this division,
42 shall make and sign a return."

Filed - *Adopted as amended 5-21*

May 20, 1969

By COMMITTEE ON WAYS AND MEANS

1 Amend House File 810 by adding on page 2, after line
2 8, the following new section:
3 Section four hundred twenty-two point five (422.5),
4 Code 1966, is hereby amended by adding the following
5 new paragraph:
6 "A resident of Iowa who is on active duty in the
7 Armed Forces of the United States, as defined in Title
8 10, United States Code, Section 101, for more than
9 six months in any calendar or fiscal year, shall be
10 exempt from the tax imposed by this section for such
11 calendar or fiscal year."

Filed - *Adopted as amended 5-22*

May 20, 1969

By LANGE, FLATT, BRILES and BENDA

1 Amend the ways and means committee amendment to
2 House File 810, filed May 20, 1969, as follows:
3 "1. By inserting after line 26 the following new
4 paragraph:
5 'For a net income of three thousand one (3,001) dollars
6 to three thousand two hundred (3,200) dollars the tax
7 to be paid shall be reduced to twenty (20) percent of
8 that calculated under subsections one through four of
9 this section. For a net income of three thousand two
10 hundred (3,200) dollars to three thousand four hundred
11 (3,400) dollars the tax to be paid shall be reduced to
12 forty (40) percent of that calculated under subsections
13 one through four of this section. For a net income of
14 three thousand four hundred one (3,401) dollars to three
15 thousand six hundred (3,600) dollars the tax to be paid
16 shall be reduced to sixty (60) percent of that calculated
17 under subsections one through four of this section. For
18 a net income of three thousand six hundred and one (3,601) dollars
19 to three thousand eight hundred (3,800) dollars the tax
20 to be paid shall be reduced to eighty (80) percent of
21 that calculated under subsections one through four of this
22 section.'"

Filed and lost
May 21, 1969

By WALSH and DODERER

FISCAL NOTE
HOUSE FILE 810

Date prepared May 21, 1969

Requested by Senator Stanley.

Prepared in regard to a bill for an act relating to Iowa Income Tax.
Amendment filed May 20 by committee on ways and means.

Following is the fiscal effect in dollars of the legislative proposal as
required by Rule 47: Approximate loss of revenue per year \$500,000.

Source: Office of the Comptroller.

Filed
May 21, 1969

GERRY D. RANKIN
Legislative Fiscal Director

1 Amend the committee on ways and means amendment to
2 House File 810, filed May 20, 1969, by striking all after
3 the word "whose" in line 11 and all before the word
4 "is" in line 12 and insert in lieu thereof the words,
5 "Iowa taxable income".
6 Further amend by striking the words "net income" in
7 lines 17, 24, and 25 and inserting in lieu thereof in
8 each instance the words, "Iowa taxable income".

Filed and lost
May 21, 1969

By SHIRLEY

1 Amend the Lange, et al., amendment to House File 810, filed May 20,
2 1969, by striking from lines 9 and 10 the words "be exempt from" and
3 by inserting in lieu thereof the words, "not include his taxable in-
4 come received from such service in computing".

Filed and adopted
May 22, 1969

By LANGE

SENATE AMENDMENT TO HOUSE FILE 810

*House
Concurred
5/23*

1 Amend House File 810, as amended and passed by the House, as
2 follows:

3 1. Page 1, by striking lines 3 through 12, and inserting in lieu thereof
4 the following:

5 Section 1. Section four hundred twenty-two point five (422.5),
6 Code 1966, as amended by chapter three hundred forty-eight (348),
7 section fourteen (14), Acts of the Sixty-second General Assembly, is
8 hereby further amended by inserting the following paragraph after
9 line forty-four (44):

10 "However, no tax shall be imposed on any resident or
11 nonresident whose net income, as defined in section four hundred
12 twenty-two point seven (422.7) of the Code, is three thousand dollars
13 or less; but in the event that the payment of tax under this division
14 would reduce the net income to less than three thousand dollars,
15 then the tax shall be reduced to that amount which would result in
16 allowing the taxpayer to retain a net income of three thousand dollars.
17 The preceding sentence does not apply to estates or trusts. For the
18 purpose of this paragraph, the entire net income, including any
19 part thereof not allocated to Iowa, shall be taken into account. If
20 the combined net income of a husband and wife exceeds three thousand
21 dollars, neither of them shall receive the benefit of this paragraph,
22 and it is immaterial whether they file a joint return or separate
23 returns. An unmarried child under twenty-one years of age who
24 is a dependent of his parent or parents as defined in section four
25 hundred twenty-two point twelve (422.12) of the Code, shall not
26 receive the benefit of this paragraph if such parent's net income
27 exceeds three thousand dollars or if the combined net income of
28 such parents exceeds three thousand dollars."

29 2. Page 1, by striking lines 23 through 25, and page 2, by striking
30 lines 1 through 8, and inserting in lieu thereof the following:

31 Sec. 3. Section four hundred twenty-two point thirteen
32 (422.13), Code 1966, is hereby amended by striking subsections
33 one (1) and two (2) and inserting in lieu thereof the following:

34 "1. Every resident of Iowa who is required to file a
35 federal income tax return under the Internal Revenue Code of
36 1954, or who has a net income of one thousand dollars or more
37 for the tax year from sources taxable under this division, shall
38 make and sign a return.

39 "2. Every nonresident who is required to file a federal
40 income tax return under the Internal Revenue Code of 1954 and
41 who has a net income of one thousand dollars or more for the
42 tax year from sources taxable under this division, shall make
43 and sign a return."

44 3. By adding the following new section:

45 Sec. 4. Section four hundred twenty-two point five (422.5),
46 Code 1966, is hereby amended by adding the following new paragraph:

47 "A resident of Iowa who is on active duty in the Armed Forces
48 of the United States, as defined in Title 10, United States Code,
49 Section 101, for more than six months in any calendar or fiscal
50 year, shall not include his taxable income received from such
51 service in computing the tax imposed by this section for such
52 calendar or fiscal year."

Received
May 22, 1969