

Ways and Means
Craft, Chairperson
Rodgers
Reader
N 24 1979

HOUSE FILE 139

By COMMITTEE ON WAYS AND MEANS
(Formerly Study Bill 28)

Place On Calendar

Passed House, Date 1-25-79 (p. 355) Passed Senate, Date 2-8-79 (p. 377)
Vote: Ayes 92 Nays 0 Vote: Ayes 49 Nays 0
Approved 2-25-79 (p. 725)

A BILL FOR

1 An Act relating to the computation of individual and corporate
2 income tax and the franchise tax by updating references
3 to the internal revenue code and making the Act retroactive.

2/72 -

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

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COMMUNICATION FROM SECRETARY OF STATE

David L. Wray
Chief Clerk of the House
State Capitol Building
Des Moines, Iowa

March 26, 1979

I hereby certify that House File 139, was published in The Record, Cedar Falls, Iowa on March 13, 1979, and in the Telegraph Herald, Dubuque, Iowa on March 7, 1979.

Respectfully submitted,
MELVIN D. SYNHORST
Secretary of State

1 Section 1. Section four hundred twenty-two point four
2 (422.4), subsection seventeen (17), Code 1979, is amended
3 to read as follows:

4 17. "Internal Revenue Code of 1954" means the Internal
5 Revenue Code of 1954, as amended to and including January
6 1, ~~1978~~ 1979.

7 Sec. 2. Section four hundred twenty-two point thirty-
8 two (422.32), subsection four (4), Code 1979, is amended to
9 read as follows:

10 4. "Internal Revenue Code of 1954" means the Internal
11 Revenue Code of 1954, as amended to and including January
12 1, ~~1978~~ 1979.

13 Sec. 3. Section four hundred twenty-two point sixty-one
14 (422.61), subsection four (4), Code 1979, is amended to read
15 as follows:

16 4. "Net income" means the net income of the financial
17 institution computed in accordance with section 422.35, with
18 the exception that interest and dividends from federal
19 securities shall not be subtracted and interest and dividends
20 from evidences of indebtedness and securities of this state
21 and its political subdivisions, exempt from federal income
22 tax under the Internal Revenue Code of 1954 as amended to
23 and including January 1, ~~1978~~ 1979, shall not be added.

24 } 24 Sec. 4. The provisions of this Act are retroactive to
25 January 1, 1978 for tax years beginning on or after January
26 1, 1978 and to this extent the provisions of this Act are
27 retroactive.

28 } 28 Sec. 5. This Act, being deemed of immediate importance,
29 shall take effect from and after its publication in The Record,
30 a newspaper published in Cedar Falls, Iowa, and in the
31 Telegraph Herald, a newspaper published in Dubuque, Iowa.

32 EXPLANATION

33 The bill updates references to the Internal Revenue Code
34 in the state income and franchise tax laws to incorporate
35 the provisions of the Revenue Act of 1978 that are effective
36 for all or a portion of 1978

HOUSE FILE 139

H-3172

1 Amend House File 139 as follows:

2 1. Page 1, by inserting after line 23 the following
3 new sections:

4 "Sec. 4. Section four hundred twenty-two point
5 four (422.4), Code 1979, is amended by adding the
6 following new subsection:

7 NEW SUBSECTION.

8 a. "Annual inflation factor" means an index,
9 expressed as a percentage, determined by the general
10 assembly on or before May first of each year to reflect
11 the purchasing power of the dollar as a result of
12 inflation or deflation during the preceding calendar
13 year. In determining the annual inflation factor,
14 the general assembly shall use the best statistics
15 available for the preceding calendar year and the
16 statistics shall include, but not be limited to, the
17 monthly national and Des Moines area consumer price
18 indexes if available produced by the bureau of labor
19 statistics of the United States department of labor
20 and the commodity indexes published in "The Wall
21 Street Journal" by Dow Jones and Company.

22 b. "Adjusted inflation factor" means the product
23 of the annual inflation factor for the 1979 calendar
24 year and all annual inflation factors for subsequent
25 calendar years as determined pursuant to this
26 subsection. The adjusted inflation factor shall apply
27 to all tax years beginning on or after January first
28 of the calendar year in which the latest annual
29 inflation factor has been determined.

30 c. The annual inflation factor for the 1979
31 calendar year is one hundred six percent.

32 d. If the general assembly fails to determine
33 the annual inflation factor on or before May first
34 of a calendar year as set forth in paragraph a of
35 this subsection, the annual inflation factor shall
36 be one hundred six percent for that calendar year.

37 Sec. 5. Section four hundred twenty-two point
38 five (422.5), Code 1979, is amended by adding the
39 following new unnumbered paragraph:

40 NEW UNNUMBERED PARAGRAPH. Upon determination of
41 the latest adjusted inflation factor, the director
42 shall multiply each dollar amount, including those
43 expressed in the tax brackets, set forth in this
44 section by that adjusted inflation factor and shall
45 round off the resulting product to the nearest one
46 dollar.

47 Sec. 6. Section four hundred twenty-two point
48 nine (422.9), subsection one (1), Code 1979, is amended
49 to read as follows:

50 1. An optional standard deduction of ten percent

1 of the net income after deduction of federal income
2 tax, not to exceed five hundred dollars multiplied
3 by the adjusted inflation factor for a married person
4 who files separately, or one thousand dollars
5 multiplied by the adjusted inflation factor for a
6 single person or a husband and wife who file a joint
7 return.

8 Sec. 7. Section four hundred twenty-two point
9 thirteen (422.13), subsections one (1) and two (2),
10 Code 1979, are amended to read as follows:

11 1. Every resident of Iowa who is required to file
12 a federal income tax return under the Internal Revenue
13 Code of 1954, or who has a net income of two thousand
14 dollars multiplied by the adjusted inflation factor
15 or more for the tax year from sources taxable under
16 this division, shall make and sign a return.

17 2. Every nonresident who is required to file a
18 federal income tax return under the Internal Revenue
19 Code of 1954 and who has a net income of two thousand
20 dollars multiplied by the adjusted inflation factor
21 or more for the tax year from sources taxable under
22 this division, shall make and sign a return.

23 Sec. 8. Section four hundred twenty-two point
24 fourteen (422.14), subsection one (1), Code 1979,
25 is amended to read as follows:

26 1. Every fiduciary subject to taxation under the
27 provisions of this division, as provided in section
28 422.6, shall make and sign a return for the individual,
29 estate or trust for whom or for which he or she acts,
30 if the taxable income thereof amounts to six hundred
31 dollars multiplied by the adjusted inflation factor
32 or more. A nonresident fiduciary shall file a copy
33 of the federal income tax return for the current tax
34 year with the return required by this section.

35 Sec. 9. Section four hundred twenty-two point
36 twenty-one (422.21), Code 1979, is amended by adding
37 the following new unnumbered paragraph:

38 NEW UNNUMBERED PARAGRAPH. The director shall
39 compute the new dollar amounts as required in sections
40 four hundred twenty-two point five (422.5), four
41 hundred twenty-two point nine (422.9), four hundred
42 twenty-two point thirteen (422.13) and four hundred
43 twenty-two point fourteen (422.14) of the Code by
44 multiplying the dollar amounts specified therein to
45 be adjusted by the adjusted inflation factor, rounding
46 off the result to the nearest one dollar, and
47 incorporating the result into the income tax forms
48 and instructions for each taxable year.

49 Sec. 10. The provisions of sections four (4)
50 through nine (9) of this Act are retroactive to January

JANUARY 29, 1979

PAGE THREE

H-3172

1 1, 1979, for tax years beginning on or after January

2 1, 1979."

3 2. Page 1, by striking line 24 and inserting in
4 lieu thereof the following:

5 "Sec. 11. The provisions of sections one (1)
6 through three (3) of this Act are retroactive to".

7 3. Page 1, line 28, by striking the figure (5)
8 and inserting in lieu thereof the figure "12".

9 4. Amend the title, line 3, by inserting after
10 the word "code" the words ", indexing the individual
income tax".

H-3172 FILED

JANUARY 25, 1979

RULED NOT GERMANE

MOTION TO SUSPEND RULES-LOST (355)

BY RAPP of Black Hawk

HOUSE FILE 139

S-3054

1 Amend House File 139 as follows:

2 1. Page 1, line 19, by inserting after the
3 word "securities" the following words: "and any
4 amount of franchise taxes paid or accrued under
5 this division during the taxable year".
6

S-3054 FILED

FEBRUARY 8, 1979

RULED OUT OF ORDER (p. 377)

BY WILLIAM D. PALMER

HOUSE FILE 139

AN ACT

RELATING TO THE COMPUTATION OF INDIVIDUAL AND CORPORATE INCOME TAX AND THE FRANCHISE TAX BY UPDATING REFERENCES TO THE INTERNAL REVENUE CODE AND MAKING THE ACT RETROACTIVE.

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

Section 1. Section four hundred twenty-two point four (422.4), subsection seventeen (17), Code 1979, is amended to read as follows:

17. "Internal Revenue Code of 1954" means the Internal Revenue Code of 1954, as amended to and including January 1, ~~1978~~ 1979.

Sec. 2. Section four hundred twenty-two point thirty-two (422.32), subsection four (4), Code 1979, is amended to read as follows:

4. "Internal Revenue Code of 1954" means the Internal Revenue Code of 1954, as amended to and including January 1, ~~1978~~ 1979.

Sec. 3. Section four hundred twenty-two point sixty-one (422.61), subsection four (4), Code 1979, is amended to read as follows:

4. "Net income" means the net income of the financial institution computed in accordance with section 422.35, 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 1954 as amended to and including January 1, ~~1978~~ 1979, shall not be added.

Sec. 4. The provisions of this Act are retroactive to January 1, 1978 for tax years beginning on or after January

1, 1978 and to this extent the provisions of this Act are retroactive.

Sec. 5. This Act, being deemed of immediate importance, shall take effect from and after its publication in The Record, ^{3/13} a newspaper published in Cedar Falls, Iowa, and in the ^{3/7} Telegraph Herald, a newspaper published in Dubuque, Iowa.

FLOYD H. MILLEN
Speaker of the House

TERRY E. BRANSTAD
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 139, Sixty-eighth General Assembly.

DAVID L. WRAY
Chief Clerk of the House

Approved 2/28, 1979

ROBERT D. RAY
Governor

H.F. 139