

APR 17 1979

HOUSE FILE 741

WAYS & MEANS CALENDAR

By COMMITTEE ON WAYS AND MEANS

*5/1 D. Pass 5/7 (p. 1547)
BTL Sec. Ways Means 5/1
D. Pass 1/17 (p. 142)*

(Formerly House File 293)

Passed House, Date 4-27-79 (p. 1582) Passed Senate, Date 1-25-80 (p. 186)

Vote: Ayes 93 Nays 0 Vote: Ayes 46 Nays 0

*Approved March 10, 1980
2-29-80 (p. 714)
96-0*

A BILL FOR

1 An Act to exempt from the real estate transfer tax certain
2 deeds between family corporations or authorized farm
3 corporations and their stockholders.

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

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HOUSE FILE 741

H-4162

1 Amend House File 741 as follows:
2 1. Page 1, by inserting before line 1 the
3 following:
4 "Section 1. Section four hundred twenty-three
5 point four (423.4), Code 1979, is amended by adding
6 the following new subsection:
7 NEW SUBSECTION. Vehicles subject to registration
8 which are transferred from a business conducted
9 within this state as a sole proprietorship or
10 partnership to a corporation formed by the sole
11 proprietorship or partnership for the purpose of
12 continuing the business of the sole proprietorship
13 or partnership as a corporation when all of the
14 stock of the corporation so formed is owned by the
15 sole proprietor and the sole proprietor's spouse or
16 by all partners in the case of a partnership."

BY COREY of Louisa
HARBOR of Mills
HINKHOUSE of Cedar
SCHROEDER of Pottawattamie
MILLER of Buchanan

H-4162 FILED
APRIL 27, 1979
RULED NOT GERMANE (p. 1882)

1 Section 1. Section four hundred twenty-eight A point two
2 (428A.2), Code 1979, is amended by adding the following new
3 subsection:

4 NEW SUBSECTION. Deeds between a family corporation or
5 an authorized farm corporation as defined in section one
6 hundred seventy-two C point one (172C.1), subsections eight
7 (8) and nine (9) of the Code, and its stockholders for the
8 purpose of transferring real property in an incorporation
9 or corporate dissolution under the laws of this state, where
10 the deeds are given for no actual consideration other than
11 for shares of stock or for debt securities of the corporation.
12 For purposes of this subsection a family corporation is a
13 corporation where the majority of the voting stock is held
14 by and the majority of the stockholders are persons related
15 to each other as spouse, parent, grandparent, lineal ascendants
16 of grandparents or their spouses and other lineal descendents
17 of the grandparents or their spouses, or persons acting in
18 a fiduciary capacity for persons so related and where all
19 of its stockholders are natural persons or persons acting
20 in a fiduciary capacity for the benefit of natural persons.

21 Sec. 2. This Act is effective January first following
22 its enactment.

23 EXPLANATION

24 This Act exempts from the real estate transfer tax, deeds
25 between a family corporation or an authorized farm corporation
26 and its stockholders when the deed transfers real property
27 into the corporation when it is formed or out of the
28 corporation when it is dissolved.

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HOUSE FILE 741
FISCAL NOTE

DATE: MAY 2, 1979
REQUESTED BY: SENATOR HESTER

In compliance with a written request received May 2, 19 79, there is hereby submitted a Fiscal Note for House File 741 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

House File 741, An Act to exempt from the real estate transfer tax certain deeds between family corporations or authorized farm corporations and their stockholders.

This Act exempts from the real estate transfer tax, deeds between a family farm corporation or an authorized farm corporation and its stockholders when the deed transfers real property into the corporation when it is formed or out of the corporation when it is dissolved.

The impact of the proposal would be a reduction in real estate transfer tax revenues of the county and the state. While a specific estimate of the revenue decline expected as the result of this bill cannot be completed, it would be expected to be minimal.

SOURCE; Department of REVENUE

FILED
MAY 7, 1979

BY GERRY D. RANKIN, DIRECTOR
LEGISLATIVE FISCAL BUREAU

HOUSE FILE 741

S-3739

- 1 Amend House File 741 as passed by the House
2 as follows:
3 1. Page 1, line 4, by striking the word "or".
4 2. Page 1, by striking lines 5 and 6.
5 3. Page 1, line 7, by striking the words and
6 figures " (8) and nine (9) of the Code,".
7 4. Page 1, by striking lines 21 and 22.
8 5. Title, lines 2 and 3 by striking the words
9 "or authorized farm corporations".

S-3739 FILED *Adopted 1/25/80 (p. 125)* BY CHARLES P. MILLER
MAY 8, 1979

SENATE AMENDMENT TO
HOUSE FILE 741

H-5073

- 1 Amend House File 741 as passed by the House
2 as follows:
3 1. Page 1, line 4, by striking the word "or".
4 2. Page 1, by striking lines 5 and 6.
5 3. Page 1, line 7, by striking the words and
6 figures "(8) and nine (9) of the Code,".
7 4. Page 1, by striking lines 21 and 22.
8 5. Title, lines 2 and 3 by striking the words
9 "or authorized farm corporations".

H-5073
RECEIVED FROM THE SENATE
JANUARY 29, 1980

House concurred 2/19 (p. 714)

their spouses and other lineal descendants of the grandparents or their spouses, or persons acting in a fiduciary capacity for persons so related and where all of its stockholders are natural persons or persons acting in a fiduciary capacity for the benefit of natural persons.

HOUSE FILE 741

AN ACT

TO EXEMPT FROM THE REAL ESTATE TRANSFER TAX CERTAIN DEEDS BETWEEN FAMILY CORPORATIONS AND THEIR STOCKHOLDERS.

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

Section 1. Section four hundred twenty-eight A point two (428A.2), Code 1979, is amended by adding the following new subsection:

NEW SUBSECTION. Deeds between a family corporation and its stockholders for the purpose of transferring real property in an incorporation or corporate dissolution under the laws of this state, where the deeds are given for no actual consideration other than for shares of stock or for debt securities of the corporation. For purposes of this subsection a family corporation is a corporation where the majority of the voting stock is held by and the majority of the stockholders are persons related to each other as spouse, parent, grandparent, lineal ascendants of grandparents or

WILLIAM H. HARBOR
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 741, Sixty-eighth General Assembly.

DAVID L. WRAY
Chief Clerk of the House

Approved March 10, 1980

ROBERT D. RAY
Governor