

HOUSE FILE 2171

BY COMMITTEE ON WAYS AND MEANS

(Formerly Study Bill 510)

JAN 26 1982

Appropriations

Passed House, Date 2-10-82 (p. 365) Passed Senate, Date 2/23/96 (P. 489)

Vote: Ayes 68 Nays 30 Vote: Ayes 28 Nays 22

Approved March 3, 1982

### A BILL FOR

1 An Act relating to taxation by updating references to the  
 2 Internal Revenue Code in the state income, franchise, and  
 3 inheritance tax laws, providing certain changes from and  
 4 certain coordinating amendments to the Internal Revenue  
 5 Code, providing for the assessment of computers and  
 6 machinery used in manufacturing, increasing the personal  
 7 property tax credit, making an appropriation, and making  
 8 certain provisions of the Act retroactive and making  
 9 the Act effective upon publication.

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

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1 Section 1. Section 422.4, subsection 17, Code 1981, as  
2 amended by Acts of the Sixty-ninth General Assembly, 1981  
3 Session, chapter 132, section 2, is amended 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, ~~1981~~ 1982.

7 Sec. 2. Section 422.7, subsection 8, Code 1981, is amended  
8 to read as follows:

9 8. Married taxpayers who file a joint federal income tax  
10 return and who elect to file separate returns or separate  
11 filing on a combined return for Iowa income tax purposes,  
12 may avail themselves of the ~~additional-first-year-depreciation~~  
13 expensing of business assets and capital loss provisions of  
14 sections 179(a) and 1211(b) respectively of the Internal  
15 Revenue Code of 1954 and shall compute the amount of ~~additional~~  
16 first-year-depreciation expensing of business assets and  
17 capital loss subject to the limitations for joint federal  
18 income tax return filers provided by sections 179(b) and  
19 1211(b) respectively of the Internal Revenue Code of 1954.

20 Sec. 3. Section 422.7, Code 1981, is amended by adding  
21 the following new subsection:

22 NEW SUBSECTION. Married taxpayers, who file a joint federal  
23 income tax return and who elect to file separate returns or  
24 separate filing on a combined return for state income tax  
25 purposes, may avail themselves of the dividend exclusion  
26 provisions of section 116(a) of the Internal Revenue Code  
27 of 1954 and shall compute the dividend exclusion subject to  
28 the limitations for joint federal income tax returns filers  
29 provided by section 116(a) of the Internal Revenue Code of  
30 1954.

31 Sec. 4. Section 422.7, Code 1981, is amended by adding  
32 the following new subsection:

33 NEW SUBSECTION. The exclusion of interest income provided  
34 by section 128 of the Internal Revenue Code of 1954 is not  
35 applicable in computing Iowa net income for tax years beginning

1 on or after January 1, 1981 and before January 1, 1984.

2 Sec. 5. Section 422.7, Code 1981, is amended by adding  
3 the following new subsection:

4 NEW SUBSECTION. The deduction for a married couple where  
5 both persons are wage earners which is provided by section  
6 221 of the Internal Revenue Code of 1954 is not applicable  
7 in computing Iowa net income for tax years beginning on or  
8 after January 1, 1982.

9 Sec. 6. Section 422.7, Code 1981, is amended by adding  
10 the following new subsection:

11 NEW SUBSECTION. The deduction for contributions to an  
12 individual retirement account provided by section 219 of the  
13 Internal Revenue Code of 1954 is not applicable in computing  
14 Iowa net income for tax years beginning on or after January  
15 1, 1982. The deduction for contributions to an individual  
16 retirement account provided by section 219 or 220 of the  
17 Internal Revenue Code of 1954, as amended up to and including  
18 January 1, 1981, is allowable in computing Iowa net income  
19 for tax years beginning on or after January 1, 1982.  
20 Distributions or payments from an individual retirement account  
21 shall be included in net income by the payee or distributee  
22 in the tax year received. However, that portion of the  
23 distribution or payment which has previously been included  
24 in Iowa net income under this subsection shall not be included  
25 in the payee or distributee's Iowa net income in the tax year  
26 received.

27 Sec. 7. Section 422.7, Code 1981, is amended by adding  
28 the following new subsection:

29 NEW SUBSECTION. The deduction for contributions to a self-  
30 employed retirement plan provided by section 404 of the  
31 Internal Revenue Code of 1954 is not applicable in computing  
32 Iowa net income for tax years beginning on or after January  
33 1, 1982. The deduction for contributions to a self-employed  
34 retirement plan provided by section 404 of the Internal Revenue  
35 Code of 1954, as amended up to and including January 1, 1981,

1 is allowable in computing Iowa net income for tax years  
2 beginning on or after January 1, 1982. Distributions or  
3 payments from a self-employed retirement plan shall be included  
4 in net income by the payee or distributee in the tax year  
5 received. However, that portion of the distribution or payment  
6 which has previously been included in Iowa net income under  
7 this subsection shall not be included in the payee or dis-  
8 tributee's Iowa net income in the tax year received.

9 Sec. 8. Section 422.9, subsection 2, Code 1981, is amended  
10 by adding the following new lettered paragraph:

11 NEW LETTERED PARAGRAPH. Subtract the adoption deduction  
12 permitted under section 222 of the Internal Revenue Code of  
13 1954.

14 Sec. 9. Section 422.9, subsection 3, paragraphs b and  
15 c, Code 1981, are amended to read as follows:

16 b. The Iowa net operating loss remaining after being car-  
17 ried back as required in paragraph "a" of this subsection  
18 or if not required to be carried back shall be carried forward  
19 seven fifteen taxable years.

20 c. If the election under section 172(b)(3)(C) of the In-  
21 ternal Revenue Code of 1954 is made, the Iowa net operating  
22 loss shall be carried forward seven fifteen taxable years.

23 Sec. 10. Section 422.32, subsection 4, Code 1981, as  
24 amended by Acts of the Sixty-ninth General Assembly, 1981  
25 Session, chapter 132, section 7, is amended to read as fol-  
26 lows:

27 4. "Internal Revenue Code of 1954" means the Internal  
28 Revenue Code of 1954, as amended to and including January  
29 1, ~~1981~~ 1982.

30 Sec. 11. Section 422.35, subsection 4, Code 1981, is  
31 amended to read as follows:

32 4. Subtract ~~fifty~~ twenty-five percent of the federal  
33 income taxes paid or accrued, as the case may be, during the  
34 tax year, adjusted by any federal income tax refunds; and  
35 add the Iowa income tax deducted in computing ~~said~~ the taxable

1 income.

2 Sec. 12. Section 422.35, subsection 7, paragraphs b and  
3 c, Code 1981, are amended to read as follows:

4 b. The Iowa net operating loss remaining after being  
5 carried back as required in paragraph "a" of this subsection  
6 or if not required to be carried back shall be carried forward  
7 seven fifteen taxable years.

8 c. If the election under section 172(b)(3)(C) of the  
9 Internal Revenue Code of 1954 is made, the Iowa net operating  
10 loss shall be carried forward seven fifteen taxable years.

11 Sec. 13. Section 427A.9, Code 1981, is amended by inserting  
12 after unnumbered paragraph 2 the following new unnumbered  
13 paragraph:

14 NEW UNNUMBERED PARAGRAPH. Notwithstanding the provisions  
15 of this section which require an increase in general fund  
16 revenues in excess of five and one-half percent, adjusted  
17 for changes in rate or basis, to increase the personal property  
18 tax credit, the amount of the personal property tax credit,  
19 to be allowed for taxes payable in the fiscal year beginning  
20 July 1, 1982 and ending June 30, 1983 shall be increased as  
21 provided in this section.

22 Sec. 14. Chapter 427B, Code 1981, is amended by adding  
23 sections 15 through 19 of this Act.

24 Sec. 15. NEW SECTION. For property defined in section  
25 427A.1, subsection 1, paragraphs e and j acquired or initially  
26 leased after January 1, 1982, the taxpayer's valuation shall  
27 be limited to thirty percent of the net acquisition cost of  
28 the property. For purposes of this section, "net acquisition  
29 cost" means the acquired cost of the property including all  
30 foundations and installation cost less any excess cost adjust-  
31 ment.

32 Sec. 16. NEW SECTION. On or before July 1 of each year,  
33 the assessor shall determine the taxpayer's value of the  
34 property specified in section 15 of this Act and the value  
35 at which the property would be assessed in the absence of

1 sections 15 through 19 of this Act, and report the values  
2 to the county auditor.

3 On or before July 1 of the following year the county auditor  
4 shall prepare a statement listing for each taxing jurisdiction  
5 in the county:

6 1. The difference between the assessed value of property  
7 defined in section 427A.1, subsection 1, paragraphs e and  
8 j and assessed pursuant to section 15 of this Act as of January  
9 1 of the preceding year, and the value at which the property  
10 would be assessed in the absence of sections 15 through 19  
11 of this Act.

12 2. The tax levy rate for each taxing jurisdiction levied  
13 against assessments made as of January 1 of the previous year.

14 3. The machinery and computer tax replacement claim for  
15 each taxing district, which is equal to the amount determined  
16 pursuant to subsection 1 of this section, multiplied by the  
17 tax rate specified in subsection 2 of this section.

18 The county auditor shall certify and forward one copy of  
19 the statement to the state comptroller not later than July  
20 1 of each year.

21 Sec. 17. NEW SECTION. Each county treasurer shall be  
22 reimbursed an amount equal to the machinery and computer tax  
23 replacement claim for that county determined pursuant to  
24 section 16, subsection 3, of this Act. The reimbursement  
25 shall be made in two equal installments on or before September  
26 30 and March 30 of each year, provided that if sufficient  
27 funds are not appropriated to pay in full the amounts certified  
28 to the state comptroller pursuant to section 15 of this Act,  
29 the state comptroller shall prorate the appropriation among  
30 the county treasurers and notify the county treasurers of  
31 the prorate percentage on or before September 1. The county  
32 treasurer shall apportion the disbursement in the manner  
33 provided in section 445.57.

34 Sec. 18. NEW SECTION. There is appropriated annually  
35 from the general fund of the state to the state comptroller

1 an amount sufficient to carry out the provisions of sections  
2 15 through 19 of this Act.

3 Sec. 19. NEW SECTION. Property defined in section 427A.1,  
4 subsection 1, paragraphs e and j and assessed under sections  
5 15 to 19 of this Act shall not be eligible to receive a partial  
6 exemption under sections 427B.1 to 427B.6.

7 Sec. 20. Acts of the Sixty-ninth General Assembly, 1981  
8 Session, chapter 132, sections 4 and 5, are repealed.

9 Sec. 21. Acts of the Sixty-ninth General Assembly, 1981  
10 Session, chapter 147, section 14, is amended to read as  
11 follows:

12 SEC. 14. NEW SECTION. There is imposed upon the qualified  
13 heir an additional inheritance tax if, within ~~fifteen~~ ten  
14 years after the decedent's death and before the death of the  
15 qualified heir, the qualified heir disposes of, other than  
16 to a member of the family, any interest in qualified real  
17 property for which an election under section 13 of this Act  
18 was made or ceases to use for the qualified use the qualified  
19 real property for which an election under section 13 of this  
20 Act was made as prescribed in section 2032A(c) of the Internal  
21 Revenue Code of 1954. The additional inheritance tax shall  
22 be the amount computed under ~~sections 15 and~~ section 16 of  
23 this Act and shall be due six months after the date of the  
24 disposition or cessation of qualified use referred to in this  
25 section. The amount of the additional inheritance tax shall  
26 accrue interest at the rate of ten percent per year from nine  
27 months after the decedent's death to the due date of the tax.  
28 The tax shall be paid to the department of revenue and shall  
29 be deposited into the general fund of the state. Taxes not  
30 paid within the time prescribed in this section shall draw  
31 interest at the rate of ten percent per annum until paid.  
32 There shall not be an additional inheritance tax if the  
33 disposition or cessation occurs ten years or more after the  
34 decedent's death.

35 Sec. 22. Acts of the Sixty-ninth General Assembly, 1981

1 Session, chapter 147, section 15, is repealed.

2 Sec. 23. Acts of the Sixty-ninth General Assembly, 1981  
3 Session, chapter 147, section 17, is amended to read as  
4 follows:

5 SEC. 17. NEW SECTION. A lien is created in favor of the  
6 state for the additional inheritance tax which may be imposed  
7 by section 14 of this Act on the qualified real property for  
8 which an election has been made under section 13 of this Act.  
9 The lien created by this section shall continue until the  
10 tax has been paid or ten years after the tax is due, whichever  
11 date occurs first. However, the lien shall expire ~~fifteen~~  
12 ten years after the decedent's death if the qualified heir  
13 has not disposed of or ceased to use for the qualified use  
14 the qualified real property which would impose the tax under  
15 section 14 of this Act. The department of revenue may release  
16 the lien prior to the payment of the tax due, if any, if  
17 adequate security for payment of the tax is given.

18 Unless the lien has been perfected by recording in the  
19 office of the recorder in the county where the estate is  
20 probated, a transfer of the qualified real property to a bona  
21 fide purchaser for value shall divest the property of the  
22 lien. If the lien is perfected by recording, the rights of  
23 the state under the lien have priority over all subsequent  
24 mortgagees, purchasers or judgment creditors. The lien may  
25 be foreclosed by the director of revenue in the same manner  
26 as is now prescribed for the foreclosure of real estate  
27 mortgages and upon judgment, execution shall be issued to  
28 sell as much of the property necessary to satisfy the tax,  
29 interest and costs due.

30 Sec. 24. Sections 1, 4, 8, 10, and 11 of this Act are  
31 retroactive to January 1, 1981 for tax years beginning on  
32 or after January 1, 1981.

33 Sec. 25. Sections 2, 3, 5, 6, 7, and 19 of this Act are  
34 retroactive to January 1, 1982 for tax years beginning on  
35 or after January 1, 1982.

1 Sec. 26. Sections 9 and 12 of this Act are retroactive  
2 to January 1, 1976 for losses arising in tax years ending  
3 on or after January 1, 1976.

4 Sec. 27. Sections 13, 14, 15, 16, 17, and 18 of this Act  
5 are retroactive to January 1, 1982 for property acquired or  
6 leased on or after January 1, 1982.

7 Sec. 28. Sections 20, 21, and 22 of this Act are effective  
8 July 1, 1982 for estates of individuals dying on or after  
9 July 1, 1982.

10 Sec. 29. This Act, being deemed of immediate importance,  
11 takes effect from and after its publication in the Charles  
12 City Press, a newspaper published in Charles City, Iowa, and  
13 in The Record-Herald and Indianola Tribune, a newspaper  
14 published in Indianola, Iowa.

15 EXPLANATION

16 Sections 1 and 10 update references to the Internal Revenue  
17 Code of 1954 through January 1, 1982.

18 Section 2 permits limited expensing of depreciable assets  
19 to the same extent they were allowed for federal tax purposes.  
20 For individuals who file joint federal and separate Iowa  
21 returns the section permits use of a total deduction equal  
22 to that taken when figuring federal taxes.

23 Section 3 eliminates the state law for the dividend and  
24 interest exclusion which was to go into effect in 1982, but  
25 which was eliminated for federal income tax purposes.  
26 Therefore, federal and state law will allow a dividend  
27 exclusion up to a maximum of \$100 for a single person and  
28 \$200 for married couples filing a joint return in 1982 and  
29 thereafter.

30 Section 4 provides that interest received from "All Savers"  
31 certificates is taxable for Iowa purposes.

32 Section 5 provides that the deduction allowed under federal  
33 law for a couple filing a joint return where both persons  
34 have earned income is not permitted when computing Iowa net  
35 income.

1 Sections 6 and 7 do not allow the exclusion of contribu-  
2 tions to individual retirement accounts or self-employed  
3 retirement plans.

4 Section 8 does not allow the limited deduction in the case  
5 of adoption of children with special needs allowed under  
6 federal law because the state already allows a deduction for  
7 all adoption expenses.

8 Sections 9 and 12 make Iowa provisions consistent with  
9 federal changes permitting operating losses to be carried  
10 forward up to 15 years for losses incurred in tax years ending  
11 after 1975.

12 Section 11 reduces from 50 percent to 25 percent the allow-  
13 able percent which corporations may deduct when computing  
14 net income for Iowa tax purposes.

15 Section 13 provides for an increase in the personal property  
16 tax credit to be allowed for taxes payable in the fiscal year  
17 beginning July 1, 1982 and ending June 30, 1983 even if there  
18 is no five and one-half percent growth in general fund revenue.

19 Sections 14 to 19 provides that for industrial machinery  
20 and equipment and computers acquired after January 1, 1982,  
21 the taxpayer's valuation is limited to 30 percent of the net  
22 acquisition cost of the property. The bill provides for local  
23 taxing jurisdictions to be reimbursed for revenues not  
24 collected due to such assessments and for the reimbursements  
25 to be prorated if the appropriation is not sufficient to pay  
26 all claims in total.

27 Section 20 provides that married taxpayers who file a  
28 federal joint return and who elect to file separate state  
29 returns are entitled to the same dividend exclusion as allowed  
30 under federal law.

31 Previously, federal law required the recapture of estate  
32 tax benefits provided under special use valuation when within  
33 15 years the property was utilized other than for qualified  
34 purposes. The 1981 federal legislation reduced the period  
35 in which recapture tax would be imposed from 15 to 10 years.

1 Sections 21 and 23 make corresponding changes in Iowa law.  
2 Section 22 repealed provisions in state law which provided  
3 for a reduction in the amount of taxes recaptured when the  
4 cessation of qualified use occurred during the tenth through  
5 the fifteenth year.

6 The bill takes effect upon publication.

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FISCAL NOTE  
House File 2171  
Requested by Rep. Schnekloth  
February 2, 1982

In compliance with a written request there is hereby submitted a Fiscal Note pursuant to Joint Rule 16.

H.F. 2171 relates to various updating references to the Internal Revenue Code, to the assessment of machinery used in manufacturing, to increasing the personal property tax credit, and to making an appropriation. Fiscal effects of provisions of the bill are listed in five impact areas. Those provisions related to the Internal Revenue Code update are headed by their area of impact (individual, estate, business, etc.).

AREA I. Includes those provisions of the "Internal Revenue Code of 1954" as amended included in the bill which result in an automatic revenue increase to the state general fund. The fiscal effects of the provisions listed in Area I will occur whether or not these sections are adopted. (Bill reference, Sections 1 and 10).

Individual Income Tax Provisions:

- Individual Income Tax Reductions (reduces federal individual tax rates; maximum tax rate reduced to 50%; maximum tax on capital gains reduced to 20%). Effective in stages beginning October 1, 1981
  - o fiscal effect: FY '82 \$7-10 million increase
  - FY '83 \$35-40 million increase
- Indexation (tax brackets and personal exemptions will be indexed based on the Consumer Price Index). Not effective until 1985 tax year.
  - o fiscal effect: FY '82 none
  - FY '83 none

Estate and Gift Tax Provisions:

- Unified Credit (in six annual steps the unified credit is increased to \$192,800). Effective January 1, 1982.
  - o fiscal effect: see Maximum Tax Rate for total impact
- Marital Deduction (no tax is imposed on gifts to or inheritance from a spouse). Effective January 1, 1982.
  - o fiscal impact: see Maximum Tax Rate for total impact
- Maximum Tax Rate Set at 50% (on estates over \$2.5 million, the maximum tax rate has been decreased to 50% after a four step annual decrease). Effective January 1, 1982.
  - o fiscal impact: FY '82 none
  - FY '83 \$1.0 to \$1.5 million increase
  - (total impact for Unified Credit, Marital Deduction and Maximum Tax Rate)

Business Tax Related Provisions:

- Corporate Tax Rates (decreases the bottom two corporate tax brackets by 2%; rate changes go from 17% to 16% for the \$0-25,000 bracket and from 20% to 19% for the \$25-50,000 bracket in 1982; rate changes will decrease one more percent for these two brackets in 1983).
  - o fiscal impact: FY '82 minimal increase
  - FY '83 \$100,000 increase

Business Tax Related Provisions: (continued)

- Targeted Jobs Tax Credit (provides for a one year extension of the tax credit for wages paid to qualified new employees and makes four changes in definitions of new employees). Effective for eligible employees hired on or before December 31, 1981.  
o fiscal impact: FY '82 none  
FY '83 minimal increase
- Credit for Qualified Rehabilitation Expenditures (creates a credit of 15% of expenditures to rehabilitate historical structures 30-39 years old and 20% of expenditures to rehabilitate buildings 40 years old or more). Effective for expenditures after 1981 for tax years ending after 1981.  
o fiscal impact: FY '82 none  
FY '83 precise estimate cannot be made
- Tax Credit for Research Activities (creates a 25% non-refundable credit for qualified research expenditures which are greater than expenditures in the immediate three preceding tax years). Effective for those expenditures made after June 30, 1981 and before January 1, 1986.  
o fiscal impact: reliable estimate of increase not possible
- Employee Stock Ownership Plans (ESOP tax credit is to be payroll based on the lesser of the total value of securities transferred or a prescribed percentage of payroll). Effective tax years ending after 1982.  
o fiscal impact: minimal
- Minimum Tax on Certain ACRS Property (individuals must consider the difference between ACRS and straight line depreciation as a tax preference item for leased property). Effective for property placed in service after 1980 for tax years ending after 1980.  
o fiscal impact: no estimate possible
- Investment Credit "At Risk" Rules (individual Subchapter S and closely held corporations may take an investment credit only if the amount invested in "at risk" as defined in the Act). Applies to property placed in service after February 18, 1981.  
o fiscal impact: no estimate possible
- Accumulated Earnings Tax (increases the minimum credit for computing excessive accumulated earnings tax to \$250,000). Effective tax years beginning after 1981.  
o fiscal impact: very minor increase in Iowa revenue

AREA II. Includes those provisions of the "Internal Revenue Code of 1954" as amended included in the bill which require adoption to affect revenue change. (Bill reference, Sections 1 and 10.)

Individual Income Tax Provisions:

- Child Care Credit (increases maximum expenses to \$2,400/one dependent, \$4,800/two or more dependents). Effective 1982 tax year.  
o fiscal effect: FY '82 none  
FY '83 minimal decrease

## AREA II.

Individual Income Tax Provisions: continued

- Sale of Principal Residence (replace period increased to 24 months; up to \$125,000 gain on qualifying sale is exempt from tax). Effective on sales after July 20, 1981.
  - o fiscal effect: FY '82 minimal decrease
  - FY '83 minimal decrease
- Public Utilities Exclusion of Reinvested Dividends (excludes up to \$750 (\$1,500 joint) of qualifying dividends paid in the form of certain types of stock by public utilities). Effective 1982 tax year.
  - o fiscal effect: FY '82 none
  - FY '83 reliable estimate not possible
- State Legislator's Expenses (codified provisions formerly in the Congressional rules). Effective from 1976 tax year.
  - o fiscal effect: FY '82 very minimal decrease
  - FY '83 very minimal decrease
- Taxation of Foreign Earned Income (increases the amount of qualified income up to \$75,000 increasing to \$95,000 exempt from taxation; physical presence rules made less restrictive; an exemption for housing permitted). Effective 1982 tax year.
  - o fiscal impact: FY '82 none
  - FY '83 minimal decrease
- Tax Straddles (accounting practices for gains and losses on regulated futures contracts are generally restricted to more closely reflect gains or losses in a year). Effective for transactions after June 23, 1981.
  - o fiscal impact: FY '82 minimal increase
  - FY '83 minimal increase
- Broadened Subchapter S Corporation Rules (number of shareholders increased to 25 permitted and additional trusts may be shareholders). Effective 1982 tax year.
  - o fiscal impact: FY '82 none
  - FY '83 none
- Imputed Interest Rates on Sale of Property (imputed interest on qualified sales is set at a maximum of seven percent compounded semi-annually, decreasing from previous provision). Effective for transactions entered into after June 30, 1981.
  - o fiscal impact: no estimate possible

Savings Incentives:

- Interest Exclusion (exclusion from taxation of net interest with limits of 15% of \$3,000 (\$6,000 for joint) of exclusion). Effective 1985 tax year.
  - o fiscal impact: FY '82 none
  - FY '83 none
- Tax Exempt Bonds (state and local governments may issue industrial development bonds for mass transit or tax exempt bonds for volunteer fire departments). Various effective dates depending on type of bond.
  - o fiscal impact: minimal since these changes apply to code provisions relating to federal exemption of state and local bonds

Business Tax Related Provisions:

- Accelerated Cost Recovery System (allows for a much quicker recapture of the costs of capital investments, establishing a 3, 5, 10, or 15 year life for all assets. Depreciation is taken at double declining balance for tangible personal property and at 150% declining balance for real property. Tables are supplied which switch to sum of years digits or straight line, whichever gives maximum deduction. Change in life of assets for purposes of computing in service after December 31, 1981.)
  - o fiscal impact: FY '82 \$10-12 million decrease
  - FY '83 \$18-22 million decrease

(Impact includes effect on both corporate and individual.)

FISCAL NOTE  
House File 2171  
Requested by Rep. Schnekloth  
February 2, 1982

In compliance with a written request there is hereby submitted a Fiscal Note pursuant to Joint Rule 16.

H.F. 2171 relates to various updating references to the Internal Revenue Code, to the assessment of machinery used in manufacturing, to increasing the personal property tax credit, and to making an appropriation. Fiscal effects of provisions of the bill are listed in five impact areas. Those provisions related to the Internal Revenue Code update are headed by their area of impact (individual, estate, business, etc.).

AREA I. Includes those provisions of the "Internal Revenue Code of 1954" as amended included in the bill which result in an automatic revenue increase to the state general fund. The fiscal effects of the provisions listed in Area I will occur whether or not these sections are adopted. (Bill reference, Sections 1 and 10).

Individual Income Tax Provisions:

- Individual Income Tax Reductions (reduces federal individual tax rates; maximum tax rate reduced to 50%; maximum tax on capital gains reduced to 20%). Effective in stages beginning October 1, 1981
  - o fiscal effect: FY '82 \$7-10 million increase
  - FY '83 \$35-40 million increase
- Indexation (tax brackets and personal exemptions will be indexed based on the Consumer Price Index). Not effective until 1985 tax year.
  - o fiscal effect: FY '82 none
  - FY '83 none

Estate and Gift Tax Provisions:

- Unified Credit (in six annual steps the unified credit is increased to \$192,800). Effective January 1, 1982.
  - o fiscal effect: see Maximum Tax Rate for total impact
- Marital Deduction (no tax is imposed on gifts to or inheritance from a spouse). Effective January 1, 1982.
  - o fiscal impact: see Maximum Tax Rate for total impact
- Maximum Tax Rate Set at 50% (on estates over \$2.5 million, the maximum tax rate has been decreased to 50% after a four step annual decrease). Effective January 1, 1982.
  - o fiscal impact: FY '82 none
  - FY '83 \$1.0 to \$1.5 million increase
  - (total impact for Unified Credit, Marital Deduction and Maximum Tax Rate)

Business Tax Related Provisions:

- Corporate Tax Rates (decreases the bottom two corporate tax brackets by 2%; rate changes go from 17% to 16% for the \$0-25,000 bracket and from 20% to 19% for the \$25-50,000 bracket in 1982; rate changes will decrease one more percent for these two brackets in 1983).
  - o fiscal impact: FY '82 minimal increase
  - FY '83 \$100,000 increase

## AREA II.

## Business Tax Related Provisions: continued

Amortization of Motor Carrier Operating Rights (continued)

1980). Effective tax years ending after June 30, 1980.

o fiscal impact: decrease in Iowa revenues cannot be reliably estimated

- Tax Free Reorganizations of Financially Distressed Financial Institutions (allows a tax free merger or reorganization of financially distressed financial institutions that is undertaken with a case under the jurisdiction of the Federal Home Loan Bank Board or Federal Savings and Loan Insurance Corporation). Affects transfers made after January 1, 1981.

o fiscal impact: decreases in Iowa revenues cannot be reliably estimated

AREA III. Includes adjustments in the Iowa Code to match federal provisions. Generally, these sections require adoption to obtain listed effects. Bill references are included in provision description.

Section 2. Permits limited expensing of depreciable assets to the same extent they were allowed for federal purposes. For individuals who file joint federal and separate Iowa returns, the section permits use of a total deduction equal to that taken when figuring federal taxes. Effective tax years beginning on or after January 1, 1982.

o fiscal impact: FY '82  
FY '83 included in ACRS effects

Sections 3 through 20. Section Three eliminates the state law for the dividend and interest exclusion which was to go into effect in 1982, but was eliminated for federal tax purposes. Both federal and state law will allow a dividend exclusion up to a maximum of \$100 (\$200 joint). Section 20 provides that married taxpayers who file a federal joint return and who elect to file separate state returns are entitled to the same dividend exclusion as allowed under federal law. Both sections are effective for the tax year 1982.

o fiscal impact: FY '82 none  
FY '73 \$3 to \$4 million increase

Section 9/12. Makes Iowa provisions consistent with federal changes permitting operating losses to be carried forward up to 15 years for losses incurred in tax years ending after 1975.

o fiscal impact: reliable estimates are not possible

Sections 21 through 23. Repeals the provisions in state law which provided for a reduction in the amount of taxes recaptured when cessation of qualified use occurred during the tenth through fifteenth year, revising the period of recapture from fifteen to ten years. Both federal and state law would expand the application of special use valuation including a three-step annual increase in the value of property which may be reduced resulting in a \$750,000 limit and the provision that recapture of tax benefit may extend to ten years. Effective July 1, 1982 for estates of individuals dying on or after July 1, 1982.

o fiscal impact: specific estimates cannot be made

AREA IV. Includes adjustments in the Iowa Code which specifically excepts from state law federal law provisions included in the "Internal Revenue Code of 1954" as amended. Fiscal impacts and bill references are listed with the provisions.

Section 4. Provides that interest received from "All Savers" certificates is taxable for Iowa purposes. Effective 1981 tax year through 1983 tax year.

o fiscal impact: FY '82 none  
FY '83 \$250,00 increase

Section 5. Provides that the deduction allowed under federal law for a couple filing a joint return where both persons have earned income ("marriage tax penalty") is not permitted when computing Iowa net income.

## AREA IV.

## Section 5. continued

Effective 1982 tax year.

- o fiscal impact: FY '82 minimal increase
- FY '83 \$1 to \$2 million increase

Section 6. Allows the exclusion of contributions to individual retirement accounts only for those individuals eligible prior to January 1, 1982, with a maximum deduction of \$1,500 per individual. For the tax years beginning on or after January 1, 1982, the revised provisions for contributions are not applicable. Effective 1982 tax year.

- o fiscal impact: FY '82 none
- FY '83 \$100,000 - \$200,000 increase

Section 7. Allows the exclusion of contributions to self-employment retirement plans only for those individuals eligible prior to January 1, 1982, with a maximum deduction of \$7,500. For the tax years beginning on or after January 1, 1982, the deduction for contributions is not applicable. Effective 1982 tax year.

- o fiscal impact: FY '82 none
- FY '83 minimal increase

Section 8. Does not allow the limited deduction in the case of adoption of children with special needs allowed under federal law. Currently the state already has a provision allowing deductions for certain adoption expenses. Effective 1981 tax year.

- o fiscal impact: FY '82 none
- FY '83 none

AREA V. Includes provisions other than those from the "Internal Revenue Code of 1954" as amended. Fiscal impacts and bill references are listed with the provisions.

Section 11. Reduces from 50% to 25% the allowable percent which corporations may deduct when computing net income for Iowa tax purposes; instead of subtracting 50% of the federal taxes paid or accrued during the tax year, adjusted by any federal tax refunds, corporations will subtract 25% of the federal taxes paid or accrued during the tax year, adjusted by any federal tax refunds. Effective for the tax year beginning or after January 1, 1981.

- o fiscal impact: FY '82 \$3.0 million increase
- FY '83 \$15.0 million increase

Section 13. Provides for an increase in the personal property tax credit to be allowed for taxes payable in the fiscal year beginning July 1, 1982 and ending June 30, 1983 even if there is no five and one-half percent growth in general fund revenue. Effective for FY 1983.

- o fiscal impact: FY '82 none
- FY '83 none if 5.5% growth is achieved
- \$3.8 million decrease if not 5.5%

Section 14 through 19. Provides that for industrial machinery and equipment and computers acquired after January 1, 1982, the taxpayer's valuation is limited to 30% of the net acquisition cost of the property. The bill provides for local taxing jurisdictions to be reimbursed for revenues not collected due to such assessments by an amount appropriated annually from the general fund of the state to the state comptroller sufficient to meet the provisions of the sections. Effective for taxes paid FY 1985, retroactive to January 1, 1982.

- o fiscal impact: FY '82 none
- FY '83 none

SUMMARY: For those provisions of the bill where estimates can be made, using midpoints where a range was previously stipulated, the following summarize House File 2171 by Area I (effects that occur whether or not the sections are adopted) and Areas II - V (fiscal impact due to Code changes).

## AREA I:

<u>Provision</u>	<u>FY '82</u>	<u>FY '83</u>
Individual Income Tax Reductions	\$8.5 million increase	\$37.5 million increase
Unified Credit, Marital Deduction, & Maximum Tax Rate	--	\$ 1.2 million increase
Corporate Tax Rates	minimal increase	\$100,000 increase
Targeted Jobs Tax Credit	--	minimal increase
Employee Stock Ownership Plans	--	minimal increase
Accumulated Earnings Tax	minimal increase	minimal increase
TOTAL (minimal figures excluded)	<u>\$8.5 million increase</u>	<u>\$38.8 million increase</u>

## AREA II - V:

<u>Provision</u>	<u>FY '82</u>	<u>FY '83</u>
Child Care Credit	--	minimal decrease
Sale of Principal Residence	minimal decrease	minimal decrease
State Legislator's Expenses	minimal decrease	minimal decrease
Taxation of Foreign Earned Income	--	minimal decrease
Tax Straddles	minimal increase	minimal increase
Tax Exempt Bonds	minimal increase	minimal increase
Accelerated Cost Recovery System	\$ 11.0 million decrease	\$20.0 million decrease
Dividend and Interest Exclusion	--	\$ 3.5 million increase

## SUMMARY: continued

<u>Provision</u>	<u>FY '82</u>	<u>FY '83</u>
Interest on "All Savers" Certificates	--	\$250,000 increase
Disallow "Marriage Tax" Deduction	minimal increase	\$1.5 million increase
Exclusion of IRA's	--	
Exclusion of Keogh's	--	
25% Allowable Deduction for Corporations	\$ 3.0 million increase	\$15.0 million increase
Personal Property Tax Credit	--	None if 5.5% growth; \$3.8 million decrease if growth less than 5.5%*
<u>TOTAL</u> (minimal figures and (*) Personal Property Tax Credit excluded)	<u>\$ 8.0 million</u> <u>decrease</u>	<u>\$250,000</u> <u>increase</u>

FILED FEBRUARY 2, 1982



FISCAL DIRECTOR  
Legislative Fiscal Bureau

Date: February 2, 1982

## FISCAL NOTE

House file 2171 (Amendment)

Requested by Rep. Connolly

February 4, 1982

In compliance with a written request there is hereby submitted a Fiscal Note for Amendment to H. F. 2171 (LSB 327) pursuant to Joint Rule 16.

The amendment (LSB HF2171.327) extends the provisions of Section 3 of HF2171 eliminating the state law for the dividend and interest exclusion which was to go into effect in 1982, but was eliminated for federal tax purposes. Section 3 currently allows a dividend exclusion up to a maximum of \$100 (\$200 joint), similar to federal law.

The amendment would allow taxpayers to include interest in this exclusion if the maximum amount excluded due to dividend income did not reach the \$100 (\$200 joint) exclusion limit.

The fiscal effect of this amendment is not available at this time, although the amendment will reduce the \$3.5 million increase projected for FY '83 for Section 3 of HF2171.

FILED FEBRUARY 4, 1982

BY GERRY RANKIN, Fiscal Director

HOUSE FILE 2171

H-5022

- 1 Amend House File 2171 as follows:
- 2 1. By striking page 3, line 32 through page 4,
- 3 line 1, and inserting in lieu thereof the following:
- 4 "4. Subtract fifty percent of the first fifty
- 5 thousand dollars and twenty percent of the amount
- 6 exceeding fifty thousand dollars of the federal income
- 7 taxes paid or accrued, as the case may be, during
- 8 the tax year, adjusted by any federal income tax
- 9 refunds; and add the Iowa income tax deducted in
- 10 computing said taxable income."

BY NORLAND of Worth  
 AVENSON of Fayette  
 ANDERSON of Jasper  
 CHIODO of Polk  
 GROTH of Buena Vista  
 COCHRAN of Webster  
 JAY of Appanoose  
 DODERER of Johnson  
 HOWELL of Floyd  
 BRUNER of Story  
 CONNOLLY of Dubuque

HALL of Linn  
 PAVICH of Pottawattamie  
 WELSH of Dubuque  
 LLOYD-JONES of Johnson  
 CARL of Poweshiek  
 SPEAR of Lee  
 ROSENBERG of Story  
 DIELEMAN of Marion  
 SULLIVAN of Van Buren  
 SWARTZ of Marshall

H-5022 FILED  
 JANUARY 29, 1982

*Placed out of order  
 2/10 (p. 364)*

HOUSE FILE 2171

H-5023

- 1 Amend House File 2171 as follows:
- 2 1. By striking page 2, line 9 through page 3,
- 3 line 8.
- 4 2. Renumber sections and correct internal
- 5 references as are necessary in accordance with this
- 6 amendment.

BY NORLAND of Worth  
 AVENSON of Fayette  
 ANDERSON of Jasper  
 CHIODO of Polk  
 STURGEON of Woodbury  
 GROTH of Buena Vista  
 COCHRAN of Webster  
 GETTINGS of Wapello  
 JAY of Appanoose  
 DODERER of Johnson  
 HOWELL of Floyd  
 CONNOLLY of Dubuque  
 RENAUD of Polk

HALL of Linn  
 PAVICH of Pottawattamie  
 WELSH of Dubuque  
 CARL of Poweshiek  
 LLOYD-JONES of Johnson  
 SPEAR of Lee  
 ROSENBERG of Story  
 DIELEMAN of Marion  
 SULLIVAN of Van Buren  
 SWARTZ of Marshall  
 BYERLY of Polk  
 JOCHUM of Dubuque

H-5023 FILED  
 JANUARY 29, 1982

*Placed out of order  
 2/10 (p. 364)*

HOUSE FILE 2171

H-5019

1 Amend House File 2171 as follows:

2 1. Page 4, line 26, by striking the word and  
3 figures "January 1, 1982" and inserting in lieu thereof  
4 the word and figures "December 31, 1981".

5 2. Page 5, line 33, by striking the figure "445.47"  
6 and inserting in lieu thereof the figure "445.57".

H-5019 FILED

BY COMMITTEE ON APPROPRIATIONS

JANUARY 27, 1982

Weiden, Chair

*A-Adopted B-w/d 2/3 (p. 235)*

HOUSE FILE 2171

H-5021

1 Amend House File 2171 as follows:

2 1. Page 7, line 33, by striking the figure "19"  
3 and inserting in lieu thereof the figure "20".

4 2. Page 8, line 4, by striking the figure "13".

5 3. Page 8, line 4, by striking the word and figure  
6 "and 18" and inserting in lieu thereof the word and  
7 figures "18, and 19".

8 4. Page 8, line 7, by striking the word and figures  
9 "20, 21, and 22" and inserting in lieu thereof the  
10 word and figures "21, 22, and 23".

H-5021 FILED JANUARY 29, 1982 BY DODERER of Johnson

*Placed out of order 2/10 (p. 364)*

HOUSE FILE 2171

-5025

1 Amend House File 2171 as follows:

2 1. Page 5, by inserting after line 20 the following  
3 new section:

4 "Sec. \_\_\_\_ . NEW SECTION. In addition to the credits  
5 allowed under sections 15 and 16 of this Act, a  
6 taxpayer who owned or leased property defined in  
7 section 427A.1, subsection 1, paragraphs e and j,  
8 prior to January 1, 1982, shall receive a credit  
9 against the assessed value of the property if the  
10 taxpayer increased the number of employees in the  
11 assessor jurisdiction in which the property is located.

12 The credit against the assessed value of the  
13 property shall be equal to the increase in the actual  
14 wages paid to the taxpayer's employees. The amount  
15 of the increases in wages paid shall be equal to the  
16 difference between the wages paid which are  
17 attributable to an increase in employment during the  
18 preceding fiscal year beginning July 1 and ending  
19 June 30 and the average wages paid during the fiscal  
20 year preceding that fiscal year, as certified to the  
21 department of revenue. In determining the credit,  
22 wage adjustments which include raises and cost-of-  
23 living increases shall not be included.

24 The credit shall be allowed in each succeeding  
25 year in which the employment level is maintained.  
26 If the employment level upon which the original credit  
27 is granted increases, the amount of the credit shall  
28 be increased.

29 The claim for credit shall be filed annually on  
30 or after July 1 and not later than September 30 with  
31 the department of revenue. The department shall  
32 prescribe the information which the taxpayer shall  
33 submit with the claim for credit to determine the  
34 amount of the credit.

35 Not later than January 1, the department shall  
36 certify to the county auditor the amount of credit  
37 a taxpayer shall receive under this section. The  
38 credit shall be allowed against the valuations for  
39 the preceding year in order to allow the taxpayer  
40 to receive the credit against the taxpayer's valuations  
41 for determining property taxes due for the fiscal  
42 year beginning July 1.

43 The amount of credit granted to a taxpayer shall  
44 not exceed the taxpayer's valuation of property defined  
45 in section 427A.1, subsection 1, paragraphs e and  
46 j, acquired prior to January 1, 1982.

47 On or before July 1, the county auditor shall  
48 prepare a statement listing for each taxing  
49 jurisdiction in the county the amount of the exempt  
50 value allowed under this section and the tax levy

H-5025  
Page Two

1 rate levied against the valuation and certify and  
2 forward one copy of the statement to the state  
3 comptroller. The amount of the credit shall be paid  
4 as provided in section 17 of this Act from funds  
5 appropriated under section 18 of this Act."  
6 2. Renumber sections and correct internal  
7 references as are necessary in accordance with this  
8 amendment.

H-5025 FILED JANUARY 29, 1982 BY BYERLY of Polk

*Placed out of order  
2/10 (p. 364)*

HOUSE FILE 2171

H-5024

1 Amend House File 2171 as follows:  
2 1. Page 4, line 23, by inserting after the word  
3 "property" the words ", provided the taxpayer maintains  
4 or increases the number of employees in the assessor  
5 jurisdiction in which the property is installed.  
6 To claim the limitation on the value of the property,  
7 the owner of the property shall file a claim for the  
8 limitation with the assessor not later than February  
9 1 of the year following the year in which the property  
10 was acquired or leased. The claim shall be filed  
11 on forms prescribed by the director of revenue. The  
12 claim shall be accompanied by certification from the  
13 department of revenue to verify that the number of  
14 employees employed by the taxpayer in the assessor  
15 jurisdiction is equal to or greater than the number  
16 of employees employed in the assessor jurisdiction  
17 during the four quarters immediately preceding the  
18 quarter in which the property was acquired or leased.  
19 If the number of employees employed by the taxpayer  
20 decreased in the quarter in which the property was  
21 acquired or leased as compared to the average  
22 employment in the preceding four quarters, the claim  
23 shall be denied. If the taxpayer begins a new trade  
24 or business during the quarter in which the property  
25 is acquired or leased by the taxpayer, the taxpayer  
26 shall be deemed to have increased employment".

BY SWARTZ of Marshall  
NORLAND of Worth  
ANDERSON of Jasper  
LLOYD-JONES of Johnson  
CHIODO of Polk

H-5024 FILED  
JANUARY 29, 1982

*Placed out of order  
2/10 (p. 364)*

H-5030

1 Amend House File 2171 as follows:

2 1. Page 4, by inserting after line 31 the  
3 following:

4 "For purposes of sections 15 to 19 of this Act:

5 1. Property assessed by the department of revenue  
6 pursuant to sections 428.24 to 428.29, or chapters  
7 433, 434 and 436 to 438 shall not receive the benefits  
8 of sections 15 to 19 of this Act.

9 2. Property acquired before January 1, 1982 which  
10 was owned or used before January 1, 1982 by a related  
11 person shall not receive the benefits of sections  
12 15 to 19 of this Act.

13 3. Property acquired on or after January 1, 1982  
14 which was owned and used by a related person shall  
15 not receive any additional benefits under sections  
16 15 to 19 of this Act.

17 4. Property which was owned or used before January  
18 1, 1982 and subsequently acquired by an exchange of  
19 like property shall not receive the benefits of  
20 sections 15 to 19 of this Act.

21 5. Property which was acquired on or after January  
22 1, 1982 and subsequently exchanged for like property  
23 shall not receive any additional benefits under  
24 sections 15 to 19 of this Act.

25 6. Property acquired before January 1, 1982 which  
26 is subsequently leased to a taxpayer or related person  
27 who previously owned the property shall not receive  
28 the benefits of sections 15 to 19 of this Act.

29 7. Property acquired on or after January 1, 1982  
30 which is subsequently leased to a taxpayer or related  
31 person who previously owned the property shall not  
32 receive any additional benefits under sections 15  
33 to 19 of this Act.

34 8. Property acquired in a transaction with the  
35 principal purpose of benefiting from sections 15 to  
36 19 of this Act is excluded from obtaining the benefits  
37 of section 15 to 19 of this Act.

38 For purposes of this section, "related person"  
39 means a person who owns or controls the taxpayer's  
40 business and another business entity from which  
41 property is acquired or leased or to which property  
42 is sold or leased. Business entities are owned or  
43 controlled by the same person if the same person  
44 directly or indirectly owns or controls fifty percent  
45 or more of the assets or any class of stock or who  
46 directly or indirectly has an interest of fifty percent  
47 or more in the ownership or profits."

H-5030 FILED FEBRUARY 2, 1982 BY SHULL of Warren

*Placed out of order 2/10 (p. 364)*

SCHNEKLOTH of Scott

H-5029

1 Amend House File 2171 as follows:

2 1. Page 1, by striking lines 20 through 30.

3 2. Page 6, by inserting after line 6 the following  
4 new section:

5 "Sec. 20. Acts of the Sixty-ninth General Assembly,  
6 1981 Session, chapter 132, section 4, is amended to  
7 read as follows:

8 SEC. 4. Section 422.7, Code 1981, is amended by  
9 inserting after subsection 8 the following new  
10 subsection:

11 NEW SUBSECTION. The combined exclusion of interest  
12 and dividend income provided by section 116(a) of  
13 the Internal Revenue Code of 1954, as amended up to  
14 and including January 1, 1981, is not applicable in  
15 computing Iowa net income for tax years beginning  
16 before January 1, 1982. Instead, each individual  
17 may exclude not more than one hundred dollars of  
18 income received as dividends from domestic corporations  
19 as provided by section 116(a) of the Internal Revenue  
20 Code of 1954, as amended up to and including January  
21 1, 1980. For tax years beginning on or after January  
22 1, 1982, the combined exclusion of interest and  
23 dividend income provided by section 116(a) of the  
24 Internal Revenue Code of 1954, as amended up to and  
25 including January 1, 1981, is applicable in computing  
26 Iowa net income."

27 3. Page 6, line 8, by striking the words and  
28 figures "sections 4 and 5, are" and inserting in lieu  
29 thereof the words and figure "section 5, is".

30 4. Page 7, line 33, by striking the word and  
31 figure "and 19" and inserting in lieu thereof the  
32 word and figures "19, and 20".

33 5. Renumber sections and correct internal  
34 references as are necessary in accordance with this  
35 amendment.

H-5029 FILED

FEBRUARY 2, 1982

BY BRUNER of Story

CONNOLLY of Dubuque

*Placed out of order 2/10 (p. 364)*

HOUSE FILE 2171

H-5034

1 Amend House File 2171 as follows:

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

4 "Sec. 5. Section 422.7, Code 1981, is amended  
5 by adding the following new subsection:

6 <sup>505</sup> ~~504~~ NEW SUBSECTION. The deduction allowed under section  
7 162 (h) of the Internal Revenue Code of 1954 is not  
8 applicable in computing Iowa net income for any tax  
9 year beginning on or before December 31, 1980. The  
10 deduction allowed under section 604 of the tax reform  
11 Act of 1976, as amended up to and including December  
12 31, 1980, is allowable in computing Iowa net income,  
13 for tax years beginning on or before December 31,  
14 1980, under provisions effective for the year for  
15 which the return is made. The deduction allowed under  
16 section 162(h) of the Internal Revenue Code of 1954  
17 is not applicable in computing Iowa net income for  
18 any tax year beginning on or after January 1, 1981.  
19 The deduction allowed under section 604 of the tax  
20 reform Act of 1976, as amended up to and including  
21 December 31, 1980, is allowable in computing Iowa  
22 net income for tax years beginning on or after January  
23 1, 1981. The maximum allowable deduction, other than  
24 for travel expense, shall not exceed the per day  
25 expense of office as allowed under section 2.10,  
26 subsection 1, where the taxpayer elects on the Iowa  
27 return to be governed by section 604 of the tax reform  
28 Act of 1976, as amended up to and including December  
29 31, 1980 and shall not exceed fifty dollars per day  
30 where the taxpayer itemizes expenses."

31 2. Page 7, line 30, by inserting after the figure  
32 "4," the figure "5,".

33 3. Renumber sections and correct internal  
34 references as are necessary in accordance with this  
35 amendment.

H-5034 FILED  
FEBRUARY 2, 1982

BY SMITH of Scott

*Placed out of order 2/10 (p. 364)*  
HANSON of Delaware  
MULLINS of Kossuth  
POFFENBERGER of Dallas  
TRUCANO of Polk  
HUMMEL of Benton  
TYRRELL of Iowa  
ANDERSON of Audubon  
RENKEN of Grundy  
BRANSTAD of Winnebago  
MAULSBY of Calhoun  
MCKEAN of Jones  
SMALLEY of Polk  
PELLETT of Cass  
STUELAND of Clinton  
COOK of Hardin  
VAN MAANEN of Mahaska  
MANN of Greene  
DAGGETT of Taylor  
DE GROOT of Lyon

H-5032

- 1 Amend House File 2171 as follows:  
 2 1. Page 3, by inserting after line 8 the following  
 3 new section:  
 4 "Sec. 8. Section 422.7, Code 1981, is amended  
 5 by adding the following new subsection:  
 6 NEW SUBSECTION. The exclusion of a qualified  
 7 reinvested dividend under section 305(e) of the  
 8 Internal Revenue Code of 1954 is not applicable in  
 9 computing Iowa net income for tax years beginning  
 10 on or after January 1, 1982. The amount of any  
 11 qualified reinvested dividend shall be included in  
 12 Iowa net income by the taxpayer in the tax year in  
 13 which the dividend is reinvested."  
 14 2. Page 7, line 33, by inserting after the figure  
 15 "7," the figure "8,".  
 16 3. Renumber sections and correct internal  
 17 references as are necessary in accordance with this  
 18 amendment.

H-5032 FILED FEBRUARY 2, 1982  
*Placed out of order 2/10 (p 264)*

BY DODERER of Johnson  
 RAPP of Black Hawk  
 BRUNER of Story

## HOUSE FILE 2171

H-5037

- 1 Amend H-5030 to House File 2171 as follows:  
 2 1. Page 1, by striking lines 34 through 37.

H-5037 FILED FEBRUARY 2, 1982  
*Placed out of order 2/10 (p 264)*

BY SHULL of Warren

## HOUSE FILE 2171

H-5039

- 1 Amend House File 2171 as follows:  
 2 1. Page 3, by inserting after line 8 the following  
 3 new section:  
 4 "Sec. 8. Section 422.7, Code 1981, is amended  
 5 by adding the following new subsection:  
 6 NEW SUBSECTION. The deductions allowed for living  
 7 expenses to a member of congress in computing Iowa  
 8 net income shall be limited to that amount of expenses  
 9 allowed to a member of congress by any federal law  
 10 or rule in effect on December 31, 1980."  
 11 2. Page 7, line 30, by inserting after the figure  
 12 "4," the figure "8,".

H-5039 FILED  
 FEBRUARY 2, 1982  
*Placed out of order  
 2/10 (p 264)*

BY CARL of Poweshiek  
 ANDERSON of Jasper JAY of Appanoose  
 ARNOULD of Scott DODERER of Johnson  
 STURGEON of Woodbury ROSENBERG of Story  
 O'KANE of Woodbury LONERGAN of Boone  
 GROTH of Buena Vista SWARTZ of Marshall

HOUSE FILE 2171

H-5041

1 Amend House File 2171 as follows:

2 1. Page 4, by inserting after line 10 the following  
3 new section:

4 "Sec. \_\_\_\_\_. Section 427A.4, unnumbered paragraph  
5 2, Code 1981, as amended by Acts of the Sixty-ninth  
6 General Assembly, 1981 Session, chapter 140, section  
7 1, is amended to read as follows:

8 Each ~~even-numbered~~ year, on or before July 1, ~~the~~  
9 a taxpayer who has not previously filed an application  
10 with the assessor shall deliver to the assessor an  
11 application for personal property tax credit and state  
12 by the affidavit filed in each county where the  
13 taxpayer's personal property is situated, that the  
14 taxpayer has not claimed a total personal property  
15 tax credit in all counties in excess of a total of  
16 ten thousand dollars assessed valuation. A claim  
17 filed in 1980 and each succeeding even-numbered year  
18 shall be applicable for that year and the succeeding  
19 odd-numbered years."

20 2. Page 6, by inserting after line 8 the following  
21 new sections:

22 "Sec. \_\_\_\_\_. Acts of the Sixty-ninth General  
23 Assembly, 1981 Session, chapter 140, section 2, is  
24 amended to read as follows:

25 "SEC. 2. Section 427A.4, Code 1981, is amended  
26 by inserting after unnumbered paragraph 2 the following  
27 new unnumbered paragraph:

28 NEW UNNUMBERED PARAGRAPH. In any odd-numbered  
29 year, a taxpayer who ~~did~~ has not ~~file~~ previously filed  
30 an application ~~in-an-even-numbered-year~~ with the  
31 assessor shall deliver to the assessor an application  
32 for personal property tax credit and state by the  
33 affidavit filed in each county where the taxpayer's  
34 personal property is situated, that the taxpayer has  
35 not claimed a total personal property tax credit in  
36 all counties in excess of a total of ten thousand  
37 dollars assessed valuation.

38 Sec. \_\_\_\_\_. Acts of the Sixty-ninth General Assembly,  
39 1981 Session, chapter 140, section 3, is amended to  
40 read as follows:

41 SEC. 3. Section 428.4, Code 1981, is amended by  
42 adding the following new unnumbered paragraph:

43 NEW UNNUMBERED PARAGRAPH. An assessor shall not  
44 be required to contact a taxpayer in odd-numbered  
45 years any year for the purpose of listing personal  
46 property but each taxpayer shall be required to file  
47 a revised listing of personal property with the  
48 assessor itemizing any additions or deletions to the  
49 listing if the valuation of the taxpayer's personal  
50 property will affect the taxpayer's exemption.

H-5041  
Page 2

1 However, if a taxpayer fails to file a revised listing,  
2 where such filing would show an increase in valuation  
3 of the taxpayer's personal property, the taxpayer  
4 shall only be assessed the taxes and interest due  
5 on the property the taxpayer has failed to report."  
6 3. Renumber sections and correct internal  
7 references as are necessary in accordance with this  
8 amendment.

H-5041 FILED FEBRUARY 2, 1982 BY SMALLEY of Polk  
*Placed out of order 2/10 (p. 364)*  
HOUSE FILE 2171

H-5038

1 Amend House File 2171 as follows:  
2 1. Page 3, by inserting after line 13 the  
3 following:  
4 "Sec. 40. Section 422.9, subsection 2, Code 1981,  
5 is amended by adding the following new lettered  
6 paragraph:  
7 NEW LETTERED PARAGRAPH. Subtract the amounts  
8 deducted as a result of the treatment provided lease  
9 agreements under section 168(f)(8) of the Internal  
10 Revenue Code of 1954 to the extent that the amounts  
11 deducted are not otherwise deductible under the  
12 provisions of the Internal Revenue Code of 1954."  
13 2. Page 4, by inserting after line 10 the  
14 following:  
15 "Sec. 50. Section 422.35, Code 1981, is amended  
16 by adding the following new subsection:  
17 NEW SUBSECTION. Add the amounts deducted as a  
18 result of the treatment provided lease agreements  
19 under section 168(f)(8) of the Internal Revenue Code  
20 of 1954 to the extent that the amounts deducted are  
21 not otherwise deductible under other provisions of  
22 the Internal Revenue Code of 1954."  
23 3. Page 8, by inserting after line 9 the follow-  
24 ing:  
25 "Sec. \_\_\_\_\_. Sections 40 and 50 of this Act are  
26 retroactive to January 1, 1981 for tax years ending  
27 on or after January 1, 1981."  
28 4. By renumbering as necessary.

H-5038 FILED  
FEBRUARY 2, 1982  
*Placed out of order 2/10 (p. 364)*

BY RAPP of Black Hawk  
BRUNER of Story

HOUSE FILE 2171

H-5042

1 Amend House File 2171 as follows:

2 1. By striking page 1, line 31 through page 2,  
3 line 1.

4 2. Page 2, by striking lines 9 through 26.

5 3. By striking page 2, line 27 through page 3,  
6 line 8.

7 4. Page 3, by inserting after line 8 the following  
8 new sections:

9 "Sec. 8. Section 422.9, subsection 1, Code 1981,  
10 is amended to read as follows:

11 1. An optional standard deduction of fifteen  
12 percent of the net income after deduction of federal  
13 income tax, not to exceed one thousand two hundred  
14 dollars for a married person who files separately,  
15 one thousand two hundred dollars for a single person  
16 or three thousand dollars for a husband and wife who  
17 file a joint return, a surviving spouse as defined  
18 in section 2 of the Internal Revenue Code of 1954,  
19 or an unmarried head of household as defined in the  
20 Internal Revenue Code of 1954. The amount of the  
21 federal income tax deducted shall not exceed fifteen  
22 thousand dollars.

23 Sec. 9. Section 422.9, subsection 2, paragraph  
24 b, Code 1981, is amended to read as follows:

25 b. Add the amount of federal income taxes paid  
26 or accrued as the case may be, during the tax year,  
27 adjusted by any federal income tax refunds. However,  
28 the amount added shall not exceed fifteen thousand  
29 dollars. ~~Provided, however, that where~~ If married  
30 persons, who have filed a joint federal income tax  
31 return, file separately, ~~such~~ the total shall be  
32 divided between them according to the portion thereof  
33 paid or accrued, ~~as the case may be,~~ by each."

34 5. By striking page 3, line 32 through page 4,  
35 line 1 and inserting in lieu thereof the following:

36 "4. Subtract fifty percent of the first one hundred  
37 thousand dollars and twenty percent of the amount  
38 exceeding one hundred thousand dollars of the federal  
39 income taxes paid or accrued, as the case may be,  
40 during the tax year, adjusted by any federal income  
41 tax refunds; and add the Iowa income tax deducted  
42 in computing said taxable income."

43 6. By striking page 4, line 22 through page 6,  
44 line 6.

45 7. Page 7, by inserting after line 32 the following  
46 new section:

47 "Sec. 25. Sections 8 and 9 of this Act are  
48 retroactive to January 1, 1981 for tax years beginning  
49 on or after January 1, 1981."

50 8. Page 8, by striking lines 4 through 6.

H-5042  
Page 2

- 1 9. Amend the title, lines 5 and 6, by striking
- 2 the words "providing for the assessment of computers
- 3 and machinery used in manufacturing,".
- 4 10. Renumber sections and correct internal
- 5 references as are necessary in accordance with this
- 6 amendment.

H-5042 FILED FEBRUARY 2, 1982 BY DAVITT of Warren  
*Placed out of order 2/10 (p. 364)*

HOUSE FILE 2171

H-5040

- 1 Amend House File 2171 as follows:
- 2 1. Page 4, by inserting after line 10 the following
- 3 new section:
- 4 "Sec. 13. Section 422.35, Code 1981, is amended
- 5 by adding the following new subsection:
- 6 NEW SUBSECTION. In computing Iowa net income on
- 7 telephone switching equipment acquired after December
- 8 31, 1980, the taxpayer shall add back to the Iowa
- 9 net income the difference between the depreciation
- 10 allowed on five-year recovery property and the
- 11 depreciation allowed on ten-year recovery property
- 12 as determined under section 168 of the Internal Revenue
- 13 Code of 1954."
- 14 2. Page 7, line 30, by striking the word and
- 15 figure "and 11" and inserting in lieu thereof the
- 16 word and figures "11, and 13".
- 17 3. Renumber sections and correct internal
- 18 references as are necessary in accordance with this
- 19 amendment.

H-5040 FILED FEBRUARY 2, 1982 BY BRUNER of Story  
*Placed out of order 2/10 (p. 364)*

H-5043

1 Amend House File 2171 as follows:

2 1. Page 1, by inserting after line 6 the following:

3 "Sec. 40. Section 422.5, Code 1981, is amended

4 by adding the following new unnumbered paragraph:

5 NEW UNNUMBERED PARAGRAPH. In addition to all taxes

6 imposed under this division, there is imposed upon

7 every resident and nonresident of this state a state

8 minimum tax for tax preference equal to twenty-five

9 percent of the state's apportioned share of the federal

10 minimum tax. The state's apportioned share of the

11 federal minimum tax is one hundred percent in the

12 case of a resident and in the case of a nonresident

13 a percent equal to the ratio of the federal minimum

14 tax on preferences attributable to Iowa to the federal

15 minimum tax on all preferences. The director shall

16 prescribe rules for the determination of the amount

17 of the federal minimum tax on preferences attributable

18 to Iowa which shall be based as much as equitably

19 possible on the allocation provisions of section

20 422.8, subsections 2 and 3. For purposes of this

21 paragraph, "federal minimum tax" means the federal

22 minimum tax for tax preferences computed under sections

23 55 through 58 of the Internal Revenue Code of 1954

24 for the tax year."

25 2. Page 3, by inserting after line 29 the

26 following:

27 "Sec. 50. Section 422.33, Code 1981, is amended

28 by adding the following new subsection:

29 NEW SUBSECTION. In addition to all taxes imposed

30 under this division, there is imposed upon each

31 corporation doing business within the state a state

32 minimum tax for tax preference equal to twenty-five

33 percent of the state's apportioned share of the federal

34 minimum tax. The state's apportioned share of the

35 federal minimum tax is a percent equal to the ratio

36 of the federal minimum tax on preferences attributable

37 to Iowa to the federal minimum tax on all preferences.

38 The director shall prescribe rules for the

39 determination of the amount of the federal minimum

40 tax on preferences attributable to Iowa which shall

41 be based as much as equitably possible on the alloca-

42 tion and apportionment provisions of subsections 1

43 and 2. For purposes of this subsection, "federal

44 minimum tax" means the federal minimum tax for tax

45 preferences computed under sections 55 through 58

46 of the Internal Revenue Code of 1954 for the tax

47 year."

48 3. Page 8, by inserting after line 9 the following:

49 "Sec. \_\_\_\_ . Sections 40 and 50 of this Act are

50 effective for tax years beginning on or after the

H-5043

Page 2

1 effective date of this Act."

2 4. By numbering, renumbering and correcting

3 internal references as necessary.

H-5043 FILED

FEBRUARY 2, 1982

*Adopted 2/3 (p. 233)*

BY DODERER of Johnson

RAPP of Black Hawk

BRUNER of Story



HOUSE FILE 2171

H-5044

1 Amend House File 2171 as follows:

2 1. Page 3, by inserting after line 22 the following  
3 new section:

4 "Sec. 10. Section 422.12, Code 1981, is amended  
5 by inserting after subsection 2 the following new  
6 subsection:

7 NEW SUBSECTION. A credit equal to ten percent  
8 of the qualified wages paid to qualified employees  
9 by the taxpayer during the tax year. However, the  
10 credit shall not exceed ten percent of the wages paid  
11 to an equal number of the lowest paid employees or  
12 the amount of the total increase in wages paid by  
13 the taxpayer during the tax year, over the previous  
14 tax year. As used in this subsection, unless the  
15 context otherwise requires:

16 a. "Qualified wages" means that amount of wages  
17 paid to qualified employees up to and including eight  
18 thousand dollars during the tax year.

19 b. "Qualified employee" means an employee hired  
20 by the taxpayer to perform services for the taxpayer  
21 within this state on a part-time or full-time basis  
22 during the tax year and whose employment by the  
23 taxpayer increases the total number of employees  
24 employed by the taxpayer to a number which exceeds  
25 the threshold employee level. A qualified employee  
26 shall not include any person related to the taxpayer  
27 within the second degree by consanguinity or affinity.  
28 If the taxpayer is a corporation, the qualified  
29 employee shall not include any person related to the  
30 taxpayer's officers within the second degree by  
31 consanguinity or affinity.

32 c. "Threshold employee level" means the highest  
33 number of employees listed on the most recent report  
34 submitted to the department of revenue by the taxpayer.  
35 If the trade or business of the taxpayer begins  
36 operation during the tax year for which the credit  
37 is claimed, the threshold employee level is zero.

38 The credit allowed under this subsection shall  
39 be allowed only for the tax year beginning on or after  
40 January 1, 1982 but not after December 31, 1982, and  
41 the tax year beginning on or after January 1, 1983  
42 but not after December 31, 1983. If the amount of  
43 the credit claimed by a taxpayer under this subsection  
44 exceeds the tax liability of the taxpayer, the excess  
45 shall be refunded to the taxpayer.

46 The credit allowed under this subsection may, at  
47 the election of the taxpayer, be credited against  
48 the tax imposed under division III of this chapter."

49 2. By striking page 4, line 22 through page 6,  
50 line 6 and inserting in lieu thereof the following:

H-5044  
Page 2

- 1 "Sec. 14. Section 422.38, Code 1981, is amended  
2 to read as follows:  
3 422.38 STATUTES GOVERNING CORPORATIONS. ~~All the~~  
4 ~~provisions of sections~~ Sections 10 of this Act and  
5 422.15 to 422.22 of division II, insofar as ~~the same~~  
6 they are applicable, shall apply to corporations  
7 taxable under this division."  
8 3. Page 7, line 33, by striking the word and  
9 figure "and 19" and inserting in lieu thereof the  
10 word and figures "10 and 14".  
11 4. Amend the title, lines 5 and 6, by striking  
12 the words "providing for the assessment of computers  
13 and machinery used in manufacturing," and inserting  
14 in lieu thereof the words "providing a tax credit  
15 for increasing employment,".  
16 5. Renumber sections and correct internal  
17 references as are necessary in accordance with this  
18 amendment.

H-5044 FILED FEBRUARY 2, 1982 BY RAPP of Black Hawk

*Placed out of order 2/10 (p. 364)*

HOUSE FILE 2171

H-5050

- 1 Amend House File 2171 as follows:  
2 1. Page 6, by inserting after line 6 the following  
3 new section:  
4 "Sec. 20. Section 432.1, subsection 1, unnumbered  
5 paragraph 2, Code 1981, is amended to read as follows:  
6 In determining the gross amount of premiums to  
7 be taxed hereunder, there shall be excluded all  
8 premiums received from policies or contracts issued  
9 in connection with a deferred compensation plan or  
10 received from policies or contracts issued in  
11 connection with a pension, annuity, profit sharing  
12 plan or individual retirement annuity qualified or  
13 exempt under sections 401, 403, 404, 408 or 501(a)  
14 of the federal Internal Revenue Code as now or  
15 hereafter amended and all premiums returned to  
16 policyholders or annuitants during the preceding  
17 calendar year, except cash surrender values, all  
18 dividends that, during said year, have been paid in  
19 cash or applied in reduction of premiums or left to  
20 accumulate to the credit of policyholders or  
21 annuitants."  
22 2. Page 7, line 33, by striking the word and  
23 figure "and 19" and inserting in lieu thereof the  
24 word and figures "19, and 20".  
25 3. Amend the title, line 7, by inserting after  
26 the word "credit," the words "exempting deferred  
27 compensation premiums from the premiums tax,".  
28 4. Renumber sections and correct internal  
29 references as are necessary in accordance with this  
30 amendment.

H-5050 FILED FEBRUARY 3, 1982 BY JOHNSON of Linn

*Placed out of order 2/10 (p. 364)*

HOUSE FILE 2171

H-5051

- 1 Amend the Hanson et al amendment, H-5034, to House  
2 File 2171 as follows:  
3 1. Page 1, lines 26 through 30, by striking the  
4 words ", where the taxpayer elects on the Iowa return  
5 to be governed by section 604 of the tax reform Act  
6 of 1976, as amended up to and including December 31,  
7 1980 and shall not exceed fifty dollars per day where  
8 the taxpayer itemizes expenses".

H-5051 FILED FEBRUARY 3, 1982 BY CHIODO of Polk

*Placed out of order 2/10 (p. 365)*

H-5045

1 Amend House File 2171 as follows:

2 1. Page 4, By inserting after line 10 the  
3 following new section:

4 "Sec. 13. Section 422.35, Code 1981, is amended  
5 by adding the following new subsection:

6 NEW SUBSECTION. For tax years beginning on or  
7 after January 1, 1981, the taxpayer may use either  
8 of two means for determining depreciation allowances  
9 for items purchased after January 1, 1981:

10 a. The deduction for depreciation provided by  
11 section 168 of the Internal Revenue Code of 1954  
12 shall be allowed only as provided in this paragraph.  
13 For a tax year beginning on or after January 1, 1981,  
14 the taxpayer may use depreciation provided by section  
15 168 of the Internal Revenue Code of 1954 on all of  
16 the value of all of the recovery property up to a  
17 maximum of thirty thousand dollars of the total value  
18 of the recovery property. The taxpayer may use  
19 depreciation provided by section 168 of the Internal  
20 Revenue Code of 1954 on two-thirds of the value of  
21 all of the recovery property in excess of  
22 thirty thousand dollars of the recovery property.  
23 For tax years beginning on or after January 1, 1982,  
24 the taxpayer may use depreciation provided by section  
25 168 of the Internal Revenue Code of 1954 on all of the  
26 recovery property up to a maximum of fifty thousand  
27 dollars of the recovery property. The taxpayer may  
28 use depreciation provided by section 168 of the Internal  
29 Revenue Code of 1954 on two-thirds of the value of  
30 all of the recovery property in excess of fifty thousand  
31 dollars of the recovery property.

32 b. In lieu of "a" above, the taxpayer may elect to  
33 use the depreciation schedule provided in section 167  
34 of the Internal Revenue Code of 1954, as amended up to  
35 and including January 1, 1981."

36 2. Page 7, line 30, by striking the word and figure  
37 "and 11" and inserting in lieu thereof the word and  
38 figures "11, and 13".

39 3. Renumber sections and correct internal references  
40 as are necessary in accordance with this amendment.

H-5045 FILED FEBRUARY 2, 1982 BY BRUNER of Story

*Placed out of order 2/10 (p. 364)*

HOUSE FILE 2171

H-5047

1 Amend amendment H-5045 to page 4 of House File  
2 2171 as follows:

3 1. Page 1, by striking lines 13 through 31 and  
4 inserting in lieu thereof the following: "For tax  
5 years beginning on or after January 1, 1981, the  
6 taxpayer may use depreciation provided by section  
7 168 of the Internal Revenue Code of 1954 on all of  
8 the value of all of the recovery property up to a  
9 maximum of one hundred thousand dollars of the total  
10 value of the recovery property. The taxpayer may  
11 use depreciation provided by section 168 of the  
12 Internal Revenue Code of 1954 on two-thirds of the  
13 value of all of the recovery property in excess of  
14 one hundred thousand dollars of the recovery property."

*Placed out of order 2/10 (p. 364)*

H-5047 FILED FEBRUARY 3, 1982

BY BRUNER of Story

HOUSE FILE 2171

H-5054

1 Amend amendment H-5034, to House File 2171 as  
2 follows:  
3 1. Page 1, by striking lines 24 through 30, and  
4 inserting in lieu thereof the following: "for travel  
5 expense, shall not exceed \$50.00 per day, where the  
6 taxpayer elects on the Iowa return to be governed by  
7 section 604 of the tax reform Act of 1976, as amended  
8 up to and including December 31, 1980, unless the  
9 taxpayer itemizes expenses."

H-5054 FILED  
FEBRUARY 3, 1982

*Placed out of order  
2/10 (p. 365)*

BY SCHROEDER of Pottawattamie  
HARBOR of Mills ANDERSON of Audubon  
MAULSBY of Calhoun SWEARINGEN of Keokuk  
HOLT of Clay RENKEN of Grundy  
COREY of Louisa DAGGETT of Taylor  
DANKER of Pottawattamie CRABB of Crawford  
JOCHUM of Dubuque GROSS of Ringgold  
LIND of Black Hawk HALVORSON of Clayton  
HUMMEL of Benton

HOUSE FILE 2171

H-5057

1 Amend House File 2171 as follows:  
2 1. Page 7, by inserting after line 29 the following  
3 new section:  
4 "Sec. \_\_\_\_ The prohibition in section 422.16,  
5 subsection 11, paragraph e, on the waiver relating  
6 to reasonable cause of the addition to tax for under-  
7 payment of the estimated tax payable shall not apply  
8 with regard to the 1981 tax year to farmers and  
9 fishermen who have elected not to pay estimated taxes  
10 during the 1981 tax year and the director may waive  
11 the addition to tax for underpayment of the estimated  
12 tax payable for the 1981 tax year for reasonable  
13 cause."  
14 2. Renumber sections and correct internal  
15 references as are necessary in accordance with this  
16 amendment.

H-5057 FILED FEBRUARY 3, 1982

*Placed out of order 2/10 (p. 365)*

BY NORLAND of Worth

HOUSE FILE 2171

H-5056

1 Amend House File 2171 as follows:

2 1. By striking page 3, line 30 through page 4,  
3 line 1, and inserting in lieu thereof the following  
4 new section:

5 "Sec. 11. Section 422.35, subsection 4, Code 1981,  
6 is amended by striking the subsection and inserting  
7 in lieu thereof the following:

8 4. If the taxpayer's taxable income is twenty-  
9 five thousand dollars or less, the taxpayer shall  
10 subtract fifty percent of the federal income taxes  
11 paid or accrued, as the case may be, during the tax  
12 year, adjusted by any federal income tax refunds;  
13 and add the Iowa income tax deducted in computing  
14 the taxable income. If the taxpayer's taxable income  
15 is more than twenty-five thousand dollars, the taxpayer  
16 shall subtract twenty-five percent of the federal  
17 income taxes paid or accrued, as the case may be,  
18 during the tax year, adjusted by any federal income  
19 tax refunds; and add the Iowa income tax deducted  
20 in computing the taxable income."

H-5056 FILED FEBRUARY 4, 1982 BY SHULL of Warren

*Placed out of  
order 2/10  
(p. 365)*

SCHNEKLOTH of Scott	CLEMENTS of Scott
SCHROEDER of Pottawattamie	SWEARINGEN of Keokuk
BENNETT of Ida	TRUCANO of Polk
TOFTE of Winneshiek	HANSON of Delaware
JOHNSON of Woodbury	MANN of Greene
HANSEN of O'Brien	DIEMER of Black Hawk
COREY of Louisa	TYRRELL of Iowa
HOLT of Clay	WELDEN of Hardin
PELTON of Clinton	SMALLEY of Polk
HALVORSON of Clayton	RENKEN of Grundy
HARBOR of Mills	MULLINS of Kossuth
CRABB of Crawford	RITSEMA of Sioux
DANKER of Pottawattamie	STUELAND of Clinton
POPE of Polk	CARPENTER of Polk
VAN MAANEN of Mahaska	JOHNSON of Howard
DAGGETT of Taylor	MAULSBY of Calhoun
GROSS of Ringgold	SMITH of Scott
KREWSON of Polk	ANDERSON of Audubon
EGENES of Story	LIND of Black Hawk
BRANSTAD of Winnebago	DE GROOT of Lyon
POFFENBERGER of Dallas	COOK of Hardin
McKEAN of Jones	PETRICK of Linn
HUMMEL of Benton	MENKE of O'Brien
JOHNSON of Linn	HOFFMANN-BRIGHT of Muscatine

HOUSE FILE 2171

H-5058

1 Amend House File 2171 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting in lieu thereof the following:  
4 "Section 1. Section 422.4, subsection 17, Code  
5 1981, as amended by Acts of the Sixty-ninth General  
6 Assembly, 1981 Session, chapter 132, section 2, is  
7 amended to read as follows:

8 17. "Internal Revenue Code of 1954" means the  
9 Internal Revenue Code of 1954, as amended to and  
10 including January 1, ~~1981~~ 1982.

11 Sec. 2. Section 422.7, subsection 8, Code 1981,  
12 is amended to read as follows:

13 8. Married taxpayers who file a joint federal  
14 income tax return and who elect to file separate  
15 returns or separate filing on a combined return for  
16 Iowa income tax purposes, may avail themselves of  
17 ~~the additional-first-year-depreciation expensing of~~  
18 ~~business assets and capital loss provisions of sections~~  
19 ~~179(a) and 1211(b) respectively of the Internal Revenue~~  
20 ~~Code of 1954 and shall compute the amount of additional~~  
21 ~~first-year-depreciation expensing of business assets~~  
22 and capital loss subject to the limitations for joint  
23 federal income tax return filers provided by sections  
24 179(b) and 1211(b) respectively of the Internal Revenue  
25 Code of 1954.

26 Sec. 3. Section 422.7, Code 1981, is amended by  
27 adding the following new subsection:

28 NEW SUBSECTION. Married taxpayers, who file a  
29 joint federal income tax return and who elect to file  
30 separate returns or separate filing on a combined  
31 return for state income tax purposes, may avail  
32 themselves of the dividend exclusion provisions of  
33 section 116(a) of the Internal Revenue Code of 1954  
34 and shall compute the dividend exclusion subject to  
35 the limitations for joint federal income tax returns  
36 filers provided by section 116(a) of the Internal  
37 Revenue Code of 1954.

38 Sec. 4. Section 422.7, Code 1981, is amended by  
39 adding the following new subsection:

40 NEW SUBSECTION. The deduction for a married couple  
41 where both persons are wage earners which is provided  
42 by section 221 of the Internal Revenue Code of 1954  
43 is not applicable in computing Iowa net income for  
44 tax years beginning on or after January 1, 1982.

45 Sec. 5. Section 422.9, subsection 1, Code 1981,  
46 is amended to read as follows:

47 1. An optional standard deduction of fifteen  
48 percent of the net income after deduction of federal  
49 income tax, not to exceed one thousand two hundred  
50 dollars for a married person who files separately,

1 one thousand two hundred dollars for a single person  
2 or three thousand dollars for a husband and wife who  
3 file a joint return, a surviving spouse as defined  
4 in section 2 of the Internal Revenue Code of 1954,  
5 or an unmarried head of household as defined in the  
6 Internal Revenue Code of 1954. The amount of the  
7 federal income tax deducted shall not exceed fifteen  
8 thousand dollars.

9 Sec. 6. Section 422.9, subsection 2, paragraph  
10 b, Code 1981, is amended to read as follows:

11 b. Add the amount of federal income taxes paid  
12 or accrued as the case may be, during the tax year,  
13 adjusted by any federal income tax refunds. However,  
14 the amount added shall not exceed fifteen thousand  
15 dollars. ~~Provided, however, that where~~ If married  
16 persons, who have filed a joint federal income tax  
17 return, file separately, such the total shall be  
18 divided between them according to the portion thereof  
19 paid or accrued, as the case may be, by each.

20 Sec. 7. Section 422.9, subsection 2, Code 1981,  
21 is amended by adding the following new lettered  
22 paragraph:

23 NEW LETTERED PARAGRAPH. Subtract the adoption  
24 deduction permitted under section 222 of the Internal  
25 Revenue Code of 1954.

26 Sec. 8. Section 422.9, subsection 3, paragraphs  
27 b and c, Code 1981, are amended to read as follows:

28 b. The Iowa net operating loss remaining after  
29 being carried back as required in paragraph "a" of  
30 this subsection or if not required to be carried back  
31 shall be carried forward seven fifteen taxable years.

32 c. If the election under section 172(b)(3)(C)  
33 of the Internal Revenue Code of 1954 is made, the  
34 Iowa net operating loss shall be carried forward seven  
35 fifteen taxable years.

36 Sec. 9. Section 422.32, subsection 4, Code 1981,  
37 as amended by Acts of the Sixty-ninth General Assembly,  
38 1981 Session, chapter 132, section 7, is amended to  
39 read as follows:

40 4. "Internal Revenue Code of 1954" means the  
41 Internal Revenue Code of 1954, as amended to and  
42 including January 1, ~~1981~~ 1982.

43 Sec. 10. Section 422.35, subsection 4, Code 1981,  
44 is amended to read as follows:

45 4. Subtract fifty percent of the first one hundred  
46 thousand dollars and twenty percent of the amount  
47 exceeding one hundred thousand dollars of the federal  
48 income taxes paid or accrued, as the case may be,  
49 during the tax year, adjusted by any federal income  
50 tax refunds; and add the Iowa income tax deducted

5058  
e 3

1 in computing said the taxable income.

2 Sec. 11. Section 422.35, subsection 7, paragraphs  
3 b and c, Code 1981, are amended to read as follows:

4 b. The Iowa net operating loss remaining after  
5 being carried back as required in paragraph "a" of  
6 this subsection or if not required to be carried back  
7 shall be carried forward ~~seven~~ fifteen taxable years.

8 c. If the election under section 172(b)(3)(C)  
9 of the Internal Revenue Code of 1954 is made, the  
10 Iowa net operating loss shall be carried forward ~~seven~~  
11 fifteen taxable years.

12 Sec. 12. Section 427A.9, Code 1981, is amended  
13 by inserting after unnumbered paragraph 2 the following  
14 new unnumbered paragraph:

15 NEW UNNUMBERED PARAGRAPH. Notwithstanding the  
16 provisions of this section which require an increase  
17 in general fund revenues in excess of five and one-  
18 half percent, adjusted for changes in rate or basis,  
19 to increase the personal property tax credit, the  
20 amount of the personal property tax credit, to be  
21 allowed for taxes payable in the fiscal year beginning  
22 July 1, 1982 and ending June 30, 1983 shall be  
23 increased as provided in this section.

24 Sec. 13. Acts of the Sixty-ninth General Assembly,  
25 1981 Session, chapter 132, sections 4 and 5, are  
26 repealed.

27 Sec. 14. Acts of the Sixty-ninth General Assembly,  
28 1981 Session, chapter 147, section 14, is amended  
29 to read as follows:

30 SEC. 14. NEW SECTION. There is imposed upon the  
31 qualified heir an additional inheritance tax if,  
32 within ~~fifteen~~ ten years after the decedent's death  
33 and before the death of the qualified heir, the  
34 qualified heir disposes of, other than to a member  
35 of the family, any interest in qualified real property  
36 for which an election under section 13 of this Act  
37 was made or ceases to use for the qualified use the  
38 qualified real property for which an election under  
39 section 13 of this Act was made as prescribed in  
40 section 2032A(c) of the Internal Revenue Code of 1954.  
41 The additional inheritance tax shall be the amount  
42 computed under ~~sections 15 and~~ section 16 of this  
43 Act and shall be due six months after the date of  
44 the disposition or cessation of qualified use referred  
45 to in this section. The amount of the additional  
46 inheritance tax shall accrue interest at the rate  
47 of ten percent per year from nine months after the  
48 decedent's death to the due date of the tax. The  
tax shall be paid to the department of revenue and  
shall be deposited into the general fund of the state.

1 Taxes not paid within the time prescribed in this  
2 section shall draw interest at the rate of ten percent  
3 per annum until paid. There shall not be an additional  
4 inheritance tax if the disposition or cessation occurs  
5 ten years or more after the decedent's death.

6 Sec. 15. Acts of the Sixty-ninth General Assembly,  
7 1981 Session, chapter 147, section 15, is repealed.

8 Sec. 16. Acts of the Sixty-ninth General Assembly,  
9 1981 Session, chapter 147, section 17, is amended

10 to read as follows:

11 SEC. 17. NEW SECTION. A lien is created in favor  
12 of the state for the additional inheritance tax which  
13 may be imposed by section 14 of this Act on the  
14 qualified real property for which an election has  
15 been made under section 13 of this Act. The lien  
16 created by this section shall continue until the tax  
17 has been paid or ten years after the tax is due,  
18 whichever date occurs first. However, the lien shall  
19 expire ~~fifteen~~ ten years after the decedent's death  
20 if the qualified heir has not disposed of or ceased  
21 to use for the qualified use the qualified real  
22 property which would impose the tax under section  
23 14 of this Act. The department of revenue may release  
24 the lien prior to the payment of the tax due, if any,  
25 if adequate security for payment of the tax is given.

26 Unless the lien has been perfected by recording  
27 in the office of the recorder in the county where  
28 the estate is probated, a transfer of the qualified  
29 real property to a bona fide purchaser for value shall  
30 divest the property of the lien. If the lien is  
31 perfected by recording, the rights of the state under  
32 the lien have priority over all subsequent mortgagees,  
33 purchasers or judgment creditors. The lien may be  
34 foreclosed by the director of revenue in the same  
35 manner as is now prescribed for the foreclosure of  
36 real estate mortgages and upon judgment, execution  
37 shall be issued to sell as much of the property  
38 necessary to satisfy the tax, interest and costs due.

39 Sec. 17. Sections 1, 5, 6, 7, 9, and 10 of this Act  
40 are retroactive to January 1, 1981 for tax years  
41 beginning on or after January 1, 1981.

42 Sec. 18. Sections 2, 3, 4, 6, and 13 of this Act  
43 are retroactive to January 1, 1982 for tax years  
44 beginning on or after January 1, 1982.

45 Sec. 19. Sections 8 and 11 of this Act are  
46 retroactive to January 1, 1976 for losses arising  
47 in tax years ending on or after January 1, 1976.

48 Sec. 20. Sections 14, 15, and 16 of this Act are  
49 effective July 1, 1982 for estates of individuals  
50 dying on or after July 1, 1982.

1 Sec. 21. This Act, being deemed of immediate  
2 importance, takes effect from and after its publication  
3 in the Charles City Press, a newspaper published in  
4 Charles City, Iowa, and in The Record-Herald and  
5 Indianola Tribune, a newspaper published in Indianola,  
6 Iowa."

*Order to be withdrawn 2/10  
American Council, Pope  
refused (p. 364)*

*Adopted as amended by 5082  
which amends all 2/10 (p. 364)*

HOUSE FILE 2171

H-5072

- 1 Amend House File 2171 as follows:
- 2 1. Page 4, by inserting after line 10 the
- 3 following:
- 4 "Sec. \_\_\_\_ . Section 422.43, Code 1981, is amended
- 5 by adding the following new unnumbered paragraph:
- 6 NEW UNNUMBERED PARAGRAPH. Notwithstanding the
- 7 rate of tax of three percent imposed under other
- 8 provisions of this section and section 423.2, there
- 9 is imposed under this section and section 423.2 on
- 10 the gross receipts from the sale of property defined
- 11 in section 427A.1, subsection 1, paragraphs e and
- 12 j a tax at the rate specified in the following schedule
- 13 for sales made in the appropriate calendar year:
- 14 a. For calendar years
- 15 1983 and 1984 ..... 2 1/2 percent
- 16 b. For calendar years
- 17 1985 and 1986 ..... 2 percent
- 18 c. For calendar years
- 19 1987 and 1988 ..... 1 1/2 percent
- 20 d. For calendar years
- 21 1989 and 1990 ..... 1 percent
- 22 e. For calendar years
- 23 1991 and 1992 ..... 1/2 percent
- 24 f. For calendar year 1993 and
- 25 subsequent calendar years ..... 0 percent"
- 26 2. Page 4, by striking line 22 through page 6,
- 27 line 6.
- 28 3. Title page, line 5, by striking the word
- 29 "assessment" and inserting in lieu thereof the words
- 30 "a reduced sales, services and use tax rate on the
- 31 sale or use".
- 32 4. By numbering, renumbering and correcting
- 33 internal references.

H-5072 FILED FEBRUARY 5, 1982

BY O'KANE of Woodbury

*Placed on order 2/10 (p. 365)*

HOUSE FILE 2171

H-5063

1 Amend House File 2171 as follows:

2 1. Page 1, line 30, by inserting after the period  
3 the words "If the amount of dividends excluded under  
4 section 116(a) of the Internal Revenue Code of 1954  
5 is less than the amount allowed as a deduction, in  
6 computing Iowa net income the taxpayer may also exclude  
7 interest income in an amount equal to the difference  
8 between the dividend income excluded and the maximum  
9 dollar limitations specified in section 116(a) of  
10 the Internal Revenue Code of 1954 for the deduction."

H-5063 FILED FEBRUARY 4, 1982

BY CONNOLLY of Dubuque

*Placed out of order 2/10 (p. 365)*

HOUSE FILE 2171

H-5060

1 Amend amendment H-5038 to page 3 of House File  
2 2171 as follows:

3 1. Page 1, by striking lines 2 through 7 and  
4 inserting in lieu thereof the following:

5 "1. Page 3, by inserting after line 8 the  
6 following:

7 "Sec. 40. Section 422.7, Code 1981, is amended  
8 by adding the following new subsection:

9 NEW SUBSECTION. Add the amounts".

H-5060 FILED FEBRUARY 4, 1982

BY RITSEMA of Sioux

*Placed out of order 2/10 (p. 365)*

HOUSE FILE 2171

H-5059

1 Amend amendment H-5058 to House File 2171 as  
2 follows:

3 1. Page 4, line 39, by striking the numeral  
4 "6,".

H-5059 FILED FEBRUARY 4, 1982

BY DAVITT of Warren

*Placed out of order 2/10 (p. 362)*

HOUSE FILE 2171

5073

1 Amend the Davitt amendment, H-5058, to House File  
2 2171 as follows:

3 1. By striking page 1, line 1 through page 5,  
4 line 6, and inserting in lieu thereof the following:

5 "Amend House File 2171 as follows:

6 1. By striking everything after the enacting  
7 clause and inserting in lieu thereof the following:

8 "Section 1. Section 422.4, subsection 17, Code  
9 1981, as amended by Acts of the Sixty-ninth General  
10 Assembly, 1981 Session, chapter 132, section 2, is  
11 amended to read as follows:

12 17. "Internal Revenue Code of 1954" means the  
13 Internal Revenue Code of 1954, as amended to and  
14 including January 1, ~~1981~~ 1982.

15 Sec. 2. Section 422.7, subsection 8, Code 1981,  
16 is amended to read as follows:

17 8. Married taxpayers who file a joint federal  
18 income tax return and who elect to file separate  
19 returns or separate filing on a combined return for  
20 Iowa income tax purposes, may avail themselves of  
21 the ~~additional-first-year-depreciation expensing of~~  
22 business assets and capital loss provisions of sections  
23 179(a) and 1211(b) respectively of the Internal Revenue  
24 Code of 1954 and shall compute the amount of ~~additional~~  
25 first-year-depreciation expensing of business assets  
26 and capital loss subject to the limitations for joint  
27 federal income tax return filers provided by sections  
28 179(b) and 1211(b) respectively of the Internal Revenue  
29 Code of 1954.

30 Sec. 3. Section 422.7, Code 1981, is amended by  
31 adding the following new subsection:

32 NEW SUBSECTION. Married taxpayers, who file a  
33 joint federal income tax return and who elect to file  
34 separate returns or separate filing on a combined  
35 return for state income tax purposes, may avail  
36 themselves of the dividend exclusion provisions of  
37 section 116(a) of the Internal Revenue Code of 1954  
38 and shall compute the dividend exclusion subject to  
39 the limitations for joint federal income tax returns  
40 filers provided by section 116(a) of the Internal  
41 Revenue Code of 1954.

42 Sec. 4. Section 422.7, Code 1981, is amended by  
43 adding the following new subsection:

44 NEW SUBSECTION. The deduction for a married couple  
45 where both persons are wage earners which is provided  
46 by section 221 of the Internal Revenue Code of 1954  
47 is not applicable in computing Iowa net income for  
48 tax years beginning on or after January 1, 1982.

49 Sec. 5. Section 422.9, subsection 1, Code 1981,  
50 is amended to read as follows:

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e Two

1 1. An optional standard deduction of fifteen  
2 percent of the net income after deduction of federal  
3 income tax, not to exceed one thousand two hundred  
4 dollars for a married person who files separately,  
5 one thousand two hundred dollars for a single person  
6 or three thousand dollars for a husband and wife who  
7 file a joint return, a surviving spouse as defined  
8 in section 2 of the Internal Revenue Code of 1954,  
9 or an unmarried head of household as defined in the  
10 Internal Revenue Code of 1954. The amount of the  
11 federal income tax deducted shall not exceed fifteen  
12 thousand dollars.

13 Sec. 6. Section 422.9, subsection 2, paragraph  
14 b, Code 1981, is amended to read as follows:

15 b. Add the amount of federal income taxes paid  
16 or accrued as the case may be, during the tax year,  
17 adjusted by any federal income tax refunds. However,  
18 the amount added shall not exceed fifteen thousand  
19 dollars. ~~Provided, however, that where~~ If married  
20 persons, who have filed a joint federal income tax  
21 return, file separately, ~~such~~ the total shall be  
22 divided between them according to the portion thereof  
23 paid or accrued, ~~as the case may be,~~ by each.

24 Sec. 7. Section 422.9, subsection 2, Code 1981,  
25 is amended by adding the following new lettered  
26 paragraph:

27 NEW LETTERED PARAGRAPH. Subtract the adoption  
28 deduction permitted under section 222 of the Internal  
29 Revenue Code of 1954.

30 Sec. 8. Section 422.9, subsection 3, paragraphs  
31 b and c, Code 1981, are amended to read as follows:

32 b. The Iowa net operating loss remaining after  
33 being carried back as required in paragraph "a" of  
34 this subsection or if not required to be carried back  
35 shall be carried forward ~~seven~~ fifteen taxable years.

36 c. If the election under section 172(b)(3)(C)  
37 of the Internal Revenue Code of 1954 is made, the  
38 Iowa net operating loss shall be carried forward ~~seven~~  
39 fifteen taxable years.

40 Sec. 9. Section 422.32, subsection 4, Code 1981,  
41 as amended by Acts of the Sixty-ninth General Assembly,  
42 1981 Session, chapter 132, section 7, is amended to  
43 read as follows:

44 4. "Internal Revenue Code of 1954" means the  
45 Internal Revenue Code of 1954, as amended to and  
46 including January 1, ~~1981~~ 1982.

47 Sec. 10. Section 422.35, subsection 4, Code 1981,  
48 is amended to read as follows:

49 4. Subtract fifty percent of the first one hundred  
thousand dollars and twenty percent of the amount

1 exceeding one hundred thousand dollars of the federal  
2 income taxes paid or accrued, as the case may be,  
3 during the tax year, adjusted by any federal income  
4 tax refunds; and add the Iowa income tax deducted  
5 in computing ~~said~~ the taxable income.

6 Sec. 11. Section 422.35, subsection 7, paragraphs  
7 b and c, Code 1981, are amended to read as follows:

8 b. The Iowa net operating loss remaining after  
9 being carried back as required in paragraph "a" of  
10 this subsection or if not required to be carried back  
11 shall be carried forward seven fifteen taxable years.

12 c. If the election under section 172(b)(3)(C)  
13 of the Internal Revenue Code of 1954 is made, the  
14 Iowa net operating loss shall be carried forward seven  
15 fifteen taxable years.

16 Sec. 12. Section 427A.9, Code 1981, is amended  
17 by inserting after unnumbered paragraph 2 the following  
18 new unnumbered paragraph:

19 NEW UNNUMBERED PARAGRAPH. Notwithstanding the  
20 provisions of this section which require an increase  
21 in general fund revenues in excess of five and one-  
22 half percent, adjusted for changes in rate or basis,  
23 to increase the personal property tax credit, the  
24 amount of the personal property tax credit, to be  
25 allowed for taxes payable in the fiscal year beginning  
26 July 1, 1982 and ending June 30, 1983 shall be  
27 increased as provided in this section.

28 Sec. 13. Chapter 427B, Code 1981, is amended by  
29 adding sections 14 through 18 of this Act.

30 Sec. 14. NEW SECTION. For property defined in  
31 section 427A.1, subsection 1, paragraphs e and j  
32 acquired or initially leased after December 31, 1980,  
33 the taxpayer's valuation shall be limited to thirty  
34 percent of the net acquisition cost of the property.  
35 For purposes of this section, "net acquisition cost"  
36 means the acquired cost of the property including  
37 all foundations and installation cost less any excess  
38 cost adjustment.

39 For purposes of sections 14 through 18 of this  
40 Act:

41 1. Property assessed by the department of revenue  
42 pursuant to sections 428.24 through 428.29, or chapters  
43 433, 434 and 436 to 438 shall not receive the benefits  
44 of sections 14 to 18 of this Act.

45 2. Property acquired on or before December 31,  
46 1980 which was owned or used before December 31, 1980  
47 by a related person shall not receive the benefits  
48 of sections 14 through 18 of this Act.

49 3. Property acquired after December 31, 1980 which  
50 was owned and used by a related person shall not

1 receive any additional benefits under sections 14  
2 through 18 of this Act.

3 4. Property which was owned or used on or before  
4 December 31, 1980 and subsequently acquired by an  
5 exchange of like property shall not receive the  
6 benefits of sections 14 through 18 of this Act.

7 5. Property which was acquired after December  
8 31, 1980 and subsequently exchanged for like property  
9 shall not receive any additional benefits under  
10 sections 14 through 18 of this Act.

11 6. Property acquired on or before December 31,  
12 1980 which is subsequently leased to a taxpayer or  
13 related person who previously owned the property shall  
14 not receive the benefits of sections 14 through 18  
15 of this Act.

16 7. Property acquired after December 31, 1980 which  
17 is subsequently leased to a taxpayer or related person  
18 who previously owned the property shall not receive  
19 any additional benefits under sections 14 through  
20 18 of this Act.

21 8. Property acquired in a transaction with the  
22 principal purpose of benefiting from sections 14  
23 through 18 of this Act is excluded from obtaining  
24 the benefits of sections 14 through 18 of this Act.

25 For purposes of this section, "related person"  
26 means a person who owns or controls the taxpayer's  
27 business and another business entity from which  
28 property is acquired or leased or to which property  
29 is sold or leased. Business entities are owned or  
30 controlled by the same person if the same person  
31 directly or indirectly owns or controls fifty percent  
32 or more of the assets or any class of stock or directly  
33 or indirectly has an interest of fifty percent or  
34 more in the ownership or profits.

35 Sec. 15. NEW SECTION. On or before July 1 of  
36 each year, the assessor shall determine the taxpayer's  
37 value of the property specified in section 14 of this  
38 Act and the value at which the property would be  
39 assessed in the absence of sections 14 through 18  
40 of this Act, and report the values to the county  
41 auditor.

42 On or before July 1 of the following year the  
43 county auditor shall prepare a statement listing for  
44 each taxing jurisdiction in the county:

45 1. The difference between the assessed value of  
46 property defined in section 427A.1, subsection 1,  
47 paragraphs e and j and assessed pursuant to section  
48 14 of this Act as of January 1 of the preceding year,  
49 and the value at which the property would be assessed  
50 in the absence of sections 14 through 18 of this Act.

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Page Five

1 2. The tax levy rate for each taxing jurisdiction  
2 levied against assessments made as of January 1 of  
3 the previous year.

4 3. The machinery and computer tax replacement  
5 claim for each taxing district, which is equal to  
6 the amount determined pursuant to subsection 1 of  
7 this section, multiplied by the tax rate specified  
8 in subsection 2 of this section.

9 The county auditor shall certify and forward one  
10 copy of the statement to the state comptroller not  
11 later than July 1 of each year.

12 Sec. 16. NEW SECTION. Each county treasurer shall  
13 be reimbursed an amount equal to the machinery and  
14 computer tax replacement claim for that county  
15 determined pursuant to section 15, subsection 3, of  
16 this Act. The reimbursement shall be made in two  
17 equal installments on or before September 30 and March  
18 30 of each year, provided that if sufficient funds  
19 are not appropriated to pay in full the amounts  
20 certified to the state comptroller pursuant to section  
21 14 of this Act, the state comptroller shall prorate  
22 the appropriation among the county treasurers and  
23 notify the county treasurers of the prorate percentage  
24 on or before September 1. The county treasurer shall  
25 apportion the disbursement in the manner provided  
26 in section 445.57.

27 Sec. 17. NEW SECTION. There is appropriated  
28 annually from the general fund of the state to the  
29 state comptroller an amount sufficient to carry out  
30 the provisions of sections 14 through 18 of this Act.

31 Sec. 18. NEW SECTION. Property defined in section  
32 427A.1, subsection 1, paragraphs e and j and assessed  
33 under sections 14 through 18 of this Act shall not  
34 be eligible to receive a partial exemption under  
35 sections 427B.1 to 427B.6.

36 Sec. 19. Acts of the Sixty-ninth General Assembly,  
37 1981 Session, chapter 132, sections 4 and 5, are  
38 repealed.

39 Sec. 20. Acts of the Sixty-ninth General Assembly,  
40 1981 Session, chapter 147, section 14, is amended  
41 to read as follows:

42 SEC. 14. NEW SECTION. There is imposed upon the  
43 qualified heir an additional inheritance tax if,  
44 within ~~fifteen~~ ten years after the decedent's death  
45 and before the death of the qualified heir, the  
46 qualified heir disposes of, other than to a member  
47 of the family, any interest in qualified real property  
48 for which an election under section 13 of this Act  
49 was made or ceases to use for the qualified use the  
50 qualified real property for which an election under

1 section 13 of this Act was made as prescribed in  
2 section 2032A(c) of the Internal Revenue Code of 1954.  
3 The additional inheritance tax shall be the amount  
4 computed under ~~sections 15 and~~ section 16 of this  
5 Act and shall be due six months after the date of  
6 the disposition or cessation of qualified use referred  
7 to in this section. The amount of the additional  
8 inheritance tax shall accrue interest at the rate  
9 of ten percent per year from nine months after the  
10 decedent's death to the due date of the tax. The  
11 tax shall be paid to the department of revenue and  
12 shall be deposited into the general fund of the state.  
13 Taxes not paid within the time prescribed in this  
14 section shall draw interest at the rate of ten percent  
15 per annum until paid. There shall not be an additional  
16 inheritance tax if the disposition or cessation occurs  
17 ten years or more after the decedent's death.

18 Sec. 21. Acts of the Sixty-ninth General Assembly,  
19 1981 Session, chapter 147, section 15, is repealed.

20 Sec. 22. Acts of the Sixty-ninth General Assembly,  
21 1981 Session, chapter 147, section 17, is amended  
22 to read as follows:

23 SEC. 17. NEW SECTION. A lien is created in favor  
24 of the state for the additional inheritance tax which  
25 may be imposed by section 14 of this Act on the  
26 qualified real property for which an election has  
27 been made under section 13 of this Act. The lien  
28 created by this section shall continue until the tax  
29 has been paid or ten years after the tax is due,  
30 whichever date occurs first. However, the lien shall  
31 expire ~~fifteen~~ ten years after the decedent's death  
32 if the qualified heir has not disposed of or ceased  
33 to use for the qualified use the qualified real  
34 property which would impose the tax under section  
35 14 of this Act. The department of revenue may release  
36 the lien prior to the payment of the tax due, if any,  
37 if adequate security for payment of the tax is given.

38 Unless the lien has been perfected by recording  
39 in the office of the recorder in the county where  
40 the estate is probated, a transfer of the qualified  
41 real property to a bona fide purchaser for value shall  
42 divest the property of the lien. If the lien is  
43 perfected by recording, the rights of the state under  
44 the lien have priority over all subsequent mortgagees,  
45 purchasers or judgment creditors. The lien may be  
46 foreclosed by the director of revenue in the same  
47 manner as is now prescribed for the foreclosure of  
48 real estate mortgages and upon judgment, execution  
49 shall be issued to sell as much of the property  
50 necessary to satisfy the tax, interest and costs due.

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Page Seven

1     Sec. 23. Sections 1, 5, 7, 9, and 10 of this Act  
2 are retroactive to January 1, 1981 for tax years  
3 beginning on or after January 1, 1981.

4     Sec. 24. Sections 2, 3, 4, 6, and 19 of this Act  
5 are retroactive to January 1, 1982 for tax years  
6 beginning on or after January 1, 1982.

7     Sec. 25. Sections 8 and 11 of this Act are  
8 retroactive to January 1, 1976 for losses arising  
9 in tax years ending on or after January 1, 1976.

10    Sec. 26. Sections 20, 21, and 22 of this Act are  
11 effective July 1, 1982 for estates of individuals  
12 dying on or after July 1, 1982.

13    Sec. 27. Sections 13, 14, 15, 16, 17, and 18 of  
14 this Act are retroactive to December 31, 1980 for  
15 property acquired or leased after December 31, 1980.

16    Sec. 28. This Act, being deemed of immediate  
17 importance, takes effect from and after its publication  
18 in the Charles City Press, a newspaper published in  
19 Charles City, Iowa, and in The Record-Herald and  
20 Indianola Tribune, a newspaper published in Indianola,  
21 Iowa. ""

H-5073 FILED  
FEBRUARY 5, 1982  
*W/D 2/12 (p 336)*

BY COCHRAN of Webster  
DAVITT of Warren

HOUSE FILE 2171

H-5081

1 Amend the Davitt amendment, H-5058, to House File  
2 2171 as follows:

3 1. By striking page 1, line 1 through page 5,  
4 line 6, and inserting in lieu thereof the following:

5 "Amend House File 2171 as follows:

6 1. By striking everything after the enacting  
7 clause and inserting in lieu thereof the following:

8 "Section 1. Section 422.4, subsection 17, Code  
9 1981, as amended by Acts of the Sixty-ninth General  
10 Assembly, 1981 Session, chapter 132, section 2, is  
11 amended to read as follows:

12 17. "Internal Revenue Code of 1954" means the  
13 Internal Revenue Code of 1954, as amended to and  
14 including January 1, ~~1981~~ 1982.

15 Sec. 2. Section 422.5, Code 1981, is amended by  
16 adding the following new unnumbered paragraph:

17 NEW UNNUMBERED PARAGRAPH. In addition to all taxes  
18 imposed under this division, there is imposed upon  
19 every resident and nonresident, including resident  
20 and nonresident estates and trusts, of this state  
21 a state minimum tax for tax preference items equal  
22 to twenty-five percent of the state's apportioned  
23 share of the federal minimum tax. The state's  
24 apportioned share of the federal minimum tax is one  
25 hundred percent in the case of a resident and in the  
26 case of a nonresident a percent equal to the ratio  
27 of the federal minimum tax on preferences attribut-  
28 able to Iowa to the federal minimum tax on all  
29 preferences. The director shall prescribe rules for  
30 the determination of the amount of the federal minimum  
31 tax on preferences attributable to Iowa which shall  
32 be based as much as equitably possible on the  
33 allocation provisions of section 422.8, subsections  
34 2 and 3. For purposes of this paragraph, "federal  
35 minimum tax" means the federal minimum tax for tax  
36 preferences computed under sections 55 through 58  
37 of the Internal Revenue Code of 1954 for the tax  
38 year."

39 Sec. 3. Section 422.7, subsection 8, Code 1981,  
40 is amended to read as follows:

41 8. Married taxpayers who file a joint federal  
42 income tax return and who elect to file separate  
43 returns or separate filing on a combined return for  
44 Iowa income tax purposes, may avail themselves of  
45 the additional-first-year-depreciation expensing of  
46 business assets and capital loss provisions of sections  
47 179(a) and 1211(b) respectively of the Internal Revenue  
48 Code of 1954 and shall compute the amount of ~~additional~~

1 federal income tax return filers provided by sections  
2 179(b) and 1211(b) respectively of the Internal Revenue  
3 Code of 1954.

4 Sec. 4. Section 422.7, Code 1981, is amended by  
5 adding the following new subsection:

6 NEW SUBSECTION. Married taxpayers, who file a  
7 joint federal income tax return and who elect to file  
8 separate returns or separate filing on a combined  
9 return for state income tax purposes, may avail  
10 themselves of the dividend exclusion provisions of  
11 section 116(a) of the Internal Revenue Code of 1954  
12 and shall compute the dividend exclusion subject to  
13 the limitations for joint federal income tax return  
14 filers provided by section 116(a) of the Internal  
15 Revenue Code of 1954.

16 Sec. 5. Section 422.7, Code 1981, is amended by  
17 adding the following new subsection:

18 NEW SUBSECTION. The deduction for a married couple  
19 where both persons are wage earners which is provided  
20 by section 221 of the Internal Revenue Code of 1954  
21 is not applicable in computing Iowa net income for  
22 tax years beginning on or after January 1, 1982.

23 Sec. 6. Section 422.9, subsection 1, Code 1981,  
24 is amended to read as follows:

25 1. An optional standard deduction of fifteen  
26 percent of the net income after deduction of federal  
27 income tax, not to exceed one thousand two hundred  
28 dollars for a married person who files separately,  
29 one thousand two hundred dollars for a single person  
30 or three thousand dollars for a husband and wife who  
31 file a joint return, a surviving spouse as defined  
32 in section 2 of the Internal Revenue Code of 1954,  
33 or an unmarried head of household as defined in the  
34 Internal Revenue Code of 1954. The amount of the  
35 federal income tax deducted shall not exceed fifteen  
36 thousand dollars.

37 Sec. 7. Section 422.9, subsection 2, paragraph  
38 b, Code 1981, is amended to read as follows:

39 b. Add the amount of federal income taxes paid  
40 or accrued as the case may be, during the tax year,  
41 adjusted by any federal income tax refunds. However,  
42 the amount added shall not exceed fifteen thousand  
43 dollars. ~~Provided, however, that where~~ If married  
44 persons, who have filed a joint federal income tax  
45 return, file separately, such the total shall be  
46 divided between them according to the portion thereof  
47 paid or accrued, as the case may be, by each.

48 Sec. 8. Section 422.9, subsection 2, Code 1981,  
49 is amended by adding the following new lettered  
50 paragraph:

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3

1 NEW LETTERED PARAGRAPH. Subtract the adoption  
2 deduction permitted under section 222 of the Internal  
3 Revenue Code of 1954.

4 Sec. 9. Section 422.9, subsection 3, paragraphs  
5 b and c, Code 1981, are amended to read as follows:

6 b. The Iowa net operating loss remaining after  
7 being carried back as required in paragraph "a" of  
8 this subsection or if not required to be carried back  
9 shall be carried forward seven fifteen taxable years.

10 c. If the election under section 172(b)(3)(C)  
11 of the Internal Revenue Code of 1954 is made, the  
12 Iowa net operating loss shall be carried forward seven  
13 fifteen taxable years.

14 Sec. 10. Section 422.32, subsection 4, Code 1981,  
15 as amended by Acts of the Sixty-ninth General Assembly,  
16 1981 Session, chapter 132, section 7, is amended to  
17 read as follows:

18 4. "Internal Revenue Code of 1954" means the  
19 Internal Revenue Code of 1954, as amended to and  
20 including January 1, ~~1981~~ 1982.

21 Sec. 11. Section 422.33, Code 1981, is amended  
22 by adding the following new subsection:

23 NEW SUBSECTION. In addition to all taxes imposed  
24 under this division, there is imposed upon each  
25 corporation doing business within the state a state  
26 minimum tax for tax preference items equal to twenty-  
27 five percent of the state's apportioned share of the  
28 federal minimum tax. The state's apportioned share  
29 of the federal minimum tax is a percent equal to the  
30 ratio of the federal minimum tax on preferences  
31 attributable to Iowa to the federal minimum tax on  
32 all preferences. The director shall prescribe rules  
33 for the determination of the amount of the federal  
34 minimum tax on preferences attributable to Iowa which  
35 shall be based as much as equitably possible on the  
36 allocation and apportionment provisions of subsections  
37 1 and 2. For purposes of this subsection, "federal  
38 minimum tax" means the federal minimum tax for tax  
39 preferences computed under sections 55 through 58  
40 of the Internal Revenue Code of 1954 for the tax year.

41 Sec. 12. Section 422.35, subsection 4, Code 1981,  
42 is amended to read as follows:

43 4. Subtract fifty percent of the first one hundred  
44 thousand dollars and twenty percent of the amount  
45 exceeding one hundred thousand dollars of the federal  
46 income taxes paid or accrued, as the case may be,  
47 during the tax year, adjusted by any federal income  
48 tax refunds; and add the Iowa income tax deducted  
49 in computing said the taxable income.

50 Sec. 13. Section 422.35, subsection 7, paragraphs

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Page 4

1 b and c, Code 1981, are amended to read as follows:

2 b. The Iowa net operating loss remaining after  
3 being carried back as required in paragraph "a" of  
4 this subsection or if not required to be carried back  
5 shall be carried forward seven fifteen taxable years.

6 c. If the election under section 172(b)(3)(C)  
7 of the Internal Revenue Code of 1954 is made, the  
8 Iowa net operating loss shall be carried forward seven  
9 fifteen taxable years.

10 Sec. 14. Section 422.60, Code 1981, is amended  
11 by adding the following new unnumbered paragraph:  
12 NEW UNNUMBERED PARAGRAPH. In addition to all taxes  
13 imposed under this division, there is imposed upon  
14 each financial institution doing business within the  
15 state a state minimum tax for tax preference items  
16 equal to twenty-five percent of the state's apportioned  
17 share of the federal minimum tax. The state's  
18 apportioned share of the federal minimum tax is a  
19 percent equal to the ratio of the federal minimum  
20 tax on preferences attributable to Iowa to the federal  
21 minimum tax on all preferences. The director shall  
22 prescribe rules for the determination of the amount  
23 of the federal minimum tax on preferences attributable  
24 to Iowa which shall be based as much as equitably  
25 possible on the allocation and apportionment provisions  
26 of section 422.63. For purposes of this subsection,  
27 "federal minimum tax" means the federal minimum tax  
28 for tax preferences computed under sections 55 through  
29 58 of the Internal Revenue Code of 1954 for the tax  
30 year.

31 Sec. 15. Section 427A.9, Code 1981, is amended  
32 by inserting after unnumbered paragraph 2 the following  
33 new unnumbered paragraph:

34 NEW UNNUMBERED PARAGRAPH. Notwithstanding the  
35 provisions of this section which require an increase  
36 in general fund revenues in excess of five and one-  
37 half percent, adjusted for changes in rate or basis,  
38 to increase the personal property tax credit, the  
39 amount of the personal property tax credit, to be  
40 allowed for taxes payable in the fiscal year beginning  
41 July 1, 1982 and ending June 30, 1983 shall be  
42 increased as provided in this section.

43 Sec. 16. Chapter 427B, Code 1981, is amended by  
44 adding sections 16 to 21 of this Act.

45 Sec. 17. NEW SECTION. For property defined in  
46 section 427A.1, subsection 1, paragraphs e and j  
47 acquired or initially leased after December 31, 1980,  
48 the taxpayer's valuation shall be limited to thirty  
49 percent of the net acquisition cost of the property.  
50 For purposes of this section, "net acquisition cost"

1 means the acquired cost of the property including  
2 all foundations and installation cost less any excess  
3 cost adjustment.

4 For purposes of sections 16 to 21 of this Act:

5 1. Property assessed by the department of revenue  
6 pursuant to sections 428.24 through 428.29, or chapters  
7 433, 434 and 436 to 438 shall not receive the benefits  
8 of sections 16 to 21 of this Act.

9 2. Property acquired on or before December 31,  
10 1980 which was owned or used before December 31, 1980  
11 by a related person shall not receive the benefits  
12 of sections 16 to 21 of this Act.

13 3. Property acquired after December 31, 1980 which  
14 was owned and used by a related person shall not  
15 receive any additional benefits under sections 16  
16 to 21 of this Act.

17 4. Property which was owned or used on or before  
18 December 31, 1980 and subsequently acquired by an  
19 exchange of like property shall not receive the  
20 benefits of sections 16 to 21 of this Act.

21 5. Property which was acquired after December  
22 31, 1980 and subsequently exchanged for like property  
23 shall not receive any additional benefits under  
24 sections 16 to 21 of this Act.

25 6. Property acquired on or before December 31,  
26 1980 which is subsequently leased to a taxpayer or  
27 related person who previously owned the property shall  
28 not receive the benefits of sections 16 to 21 of this  
29 Act.

30 7. Property acquired after December 31, 1980 which  
31 is subsequently leased to a taxpayer or related person  
32 who previously owned the property shall not receive  
33 any additional benefits under sections 16 to 21 of  
34 this Act.

35 8. Property acquired in a transaction with the  
36 principal purpose of benefiting from sections 16 to  
37 21 of this Act is excluded from obtaining the benefits  
38 of sections 16 to 21 of this Act.

39 For purposes of this section, "related person"  
40 means a person who owns or controls the taxpayer's  
41 business and another business entity from which  
42 property is acquired or leased or to which property  
43 is sold or leased. Business entities are owned or  
44 controlled by the same person if the same person  
45 directly or indirectly owns or controls fifty percent  
46 or more of the assets or any class of stock or directly  
47 or indirectly has an interest of fifty percent or  
48 more in the ownership or profits.

49 Sec. 18. NEW SECTION. On or before July 1 of  
50 each year, the assessor shall determine the taxpayer's

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1 value of the property specified in section 17 of this  
2 Act and the value at which the property would be  
3 assessed in the absence of sections 16 to 21 of this  
4 Act, and report the values to the county auditor.

5 On or before July 1 of the following year the  
6 county auditor shall prepare a statement listing for  
7 each taxing jurisdiction in the county:

8 1. The difference between the assessed value of  
9 property defined in section 427A.1, subsection 1,  
10 paragraphs e and j and assessed pursuant to section  
11 17 of this Act as of January 1 of the preceding year,  
12 and the value at which the property would be assessed  
13 in the absence of sections 16 to 21 of this Act.

14 2. The tax levy rate for each taxing jurisdiction  
15 levied against assessments made as of January 1 of  
16 the previous year.

17 3. The machinery and computer tax replacement  
18 claim for each taxing district, which is equal to  
19 the amount determined pursuant to subsection 1 of  
20 this section, multiplied by the tax rate specified  
21 in subsection 2 of this section.

22 The county auditor shall certify and forward one  
23 copy of the statement to the state comptroller not  
24 later than July 1 of each year.

25 Sec. 19. NEW SECTION. Each county treasurer shall  
26 be reimbursed an amount equal to the machinery and  
27 computer tax replacement claim for that county  
28 determined pursuant to section 18, subsection 3, of  
29 this Act. The reimbursement shall be made in two  
30 equal installments on or before September 30 and March  
31 30 of each year, provided that if sufficient funds  
32 are not appropriated to pay in full the amounts  
33 certified to the state comptroller pursuant to section  
34 16 of this Act, the state comptroller shall prorate  
35 the appropriation among the county treasurers and  
36 notify the county treasurers of the prorate percentage  
37 on or before September 1. The county treasurer shall  
38 apportion the disbursement in the manner provided  
39 in section 445.57.

40 Sec. 20. NEW SECTION. There is appropriated  
41 annually from the general fund of the state to the  
42 state comptroller an amount sufficient to carry out  
43 the provisions of sections 16 to 21 of this Act.

44 Sec. 21. NEW SECTION. Property defined in section  
45 427A.1, subsection 1, paragraphs e and j and assessed  
46 under sections 14 through 18 of this Act shall not  
47 be eligible to receive a partial exemption under  
48 sections 427B.1 to 427B.6.

49 Sec. 22. Acts of the Sixty-ninth General Assembly,  
50 1981 Session, chapter 132, sections 4 and 5, are

81  
7

1 repealed.

2 Sec. 23. Acts of the Sixty-ninth General Assembly,  
3 1981 Session, chapter 147, section 14, is amended  
4 to read as follows:

5 SEC. 14. NEW SECTION. There is imposed upon the  
6 qualified heir an additional inheritance tax if,  
7 within ~~fifteen~~ ten years after the decedent's death  
8 and before the death of the qualified heir, the  
9 qualified heir disposes of, other than to a member  
10 of the family, any interest in qualified real property  
11 for which an election under section 13 of this Act  
12 was made or ceases to use for the qualified use the  
13 qualified real property for which an election under  
14 section 13 of this Act was made as prescribed in  
15 section 2032A(c) of the Internal Revenue Code of 1954.  
16 The additional inheritance tax shall be the amount  
17 computed under ~~sections 15 and~~ section 16 of this  
18 Act and shall be due six months after the date of  
19 the disposition or cessation of qualified use referred  
20 to in this section. The amount of the additional  
21 inheritance tax shall accrue interest at the rate  
22 of ten percent per year from nine months after the  
23 decedent's death to the due date of the tax. The  
24 tax shall be paid to the department of revenue and  
25 shall be deposited into the general fund of the state.  
26 Taxes not paid within the time prescribed in this  
27 section shall draw interest at the rate of ten percent  
28 per annum until paid. There shall not be an additional  
29 inheritance tax if the disposition or cessation occurs  
30 ten years or more after the decedent's death.

31 Sec. 24. Acts of the Sixty-ninth General Assembly,  
32 1981 Session, chapter 147, section 15, is repealed.

33 Sec. 25. Acts of the Sixty-ninth General Assembly,  
34 1981 Session, chapter 147, section 17, is amended  
35 to read as follows:

36 SEC. 17. NEW SECTION. A lien is created in favor  
37 of the state for the additional inheritance tax which  
38 may be imposed by section 14 of this Act on the  
39 qualified real property for which an election has  
40 been made under section 13 of this Act. The lien  
41 created by this section shall continue until the tax  
42 has been paid or ten years after the tax is due,  
43 whichever date occurs first. However, the lien shall  
44 expire ~~fifteen~~ ten years after the decedent's death  
45 if the qualified heir has not disposed of or ceased  
46 to use for the qualified use the qualified real  
47 property which would impose the tax under section  
48 14 of this Act. The department of revenue may release  
49 the lien prior to the payment of the tax due, if any,  
50 if adequate security for payment of the tax is given.

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1 Unless the lien has been perfected by recording  
2 in the office of the recorder in the county where  
3 the estate is probated, a transfer of the qualified  
4 real property to a bona fide purchaser for value shall  
5 divest the property of the lien. If the lien is  
6 perfected by recording, the rights of the state under  
7 the lien have priority over all subsequent mortgagees,  
8 purchasers or judgment creditors. The lien may be  
9 foreclosed by the director of revenue in the same  
10 manner as is now prescribed for the foreclosure of  
11 real estate mortgages and upon judgment, execution  
12 shall be issued to sell as much of the property  
13 necessary to satisfy the tax, interest and costs due.

14 Sec. 26. Sections 1, 6, 8, 10, and 12 of this  
15 Act are retroactive to January 1, 1981 for tax years  
16 beginning on or after January 1, 1981.

17 Sec. 27. Sections 2, 3, 4, 5, 7, 11, 14, and 22  
18 of this Act are retroactive to January 1, 1982 for  
19 tax years beginning on or after January 1, 1982.

20 Sec. 28. Sections 9 and 13 of this Act are  
21 retroactive to January 1, 1976 for losses arising  
22 in tax years ending on or after January 1, 1976.

23 Sec. 29. Sections 23, 24, and 25 of this Act are  
24 effective July 1, 1982 for estates of individuals  
25 dying on or after July 1, 1982.

26 Sec. 30. Sections 16, 17, 18, 19, 20, and 21 of  
27 this Act are retroactive to December 31, 1980 for  
28 property acquired or leased after December 31, 1980.

29 Sec. 31. This Act, being deemed of immediate  
30 importance, takes effect from and after its publication  
31 in the Charles City Press, a newspaper published in  
32 Charles City, Iowa, and in The Record-Herald and  
33 Indianola Tribune, a newspaper published in Indianola,  
34 Iowa."

H-5081 FILED  
FEBRUARY 9, 1982  
*Loeb 2/10 (p. 346)*

BY COCHRAN of Webster  
DAVITT of Warren

HOUSE FILE 2171

H-5080

1 Amend House File 2171 as follows:

2 1. Page 4, line 26, by inserting after the figure  
3 "1982" the words "and manufactured in the United  
4 States".

H-5080 FILED  
FEBRUARY 8, 1982

*Placed out of order 2/10 (p. 365)*

BY HOWELL of Floyd  
GETTINGS of Wapello

HOUSE FILE 2171

H-5082

1 Amend the Davitt amendment, H-5058, to House File  
2 2171 as follows:

3 1. By striking page 1, line 1 through page 5,  
4 line 6, and inserting in lieu thereof the following:

5 "Amend House File 2171 as follows:

6 1. By striking everything after the enacting  
7 clause and inserting in lieu thereof the following:

8 "Section 1. Section 422.4, subsection 17, Code  
9 1981, as amended by Acts of the Sixty-ninth General  
10 Assembly, 1981 Session, chapter 132, section 2, is  
11 amended to read as follows:

12 17. "Internal Revenue Code of 1954" means the  
13 Internal Revenue Code of 1954, as amended to and  
14 including January 1, ~~1981~~ 1982.

15 Sec. 2. Section 422.5, Code 1981, is amended by  
16 adding the following new unnumbered paragraph:

17 NEW UNNUMBERED PARAGRAPH. In addition to all taxes  
18 imposed under this division, there is imposed upon  
19 every resident and nonresident of this state a state  
20 minimum tax for tax preference equal to twenty-five  
21 percent of the state's apportioned share of the federal  
22 minimum tax. The state's apportioned share of the  
23 federal minimum tax is one hundred percent in the  
24 case of a resident and in the case of a nonresident  
25 a percent equal to the ratio of the federal minimum  
26 tax on preferences attributable to Iowa to the federal  
27 minimum tax on all preferences. The director shall  
28 prescribe rules for the determination of the amount  
29 of the federal minimum tax on preferences attributable  
30 to Iowa which shall be based as much as equitably  
31 possible on the allocation provisions of section  
32 422.8, subsections 2 and 3. For purposes of this  
33 paragraph, "federal minimum tax" means the federal  
34 minimum tax for tax preferences computed under sections  
35 55 through 58 of the Internal Revenue Code of 1954  
36 for the tax year.

37 Sec. 3. Section 422.7, subsection 8, Code 1981,  
38 is amended to read as follows:

39 8. Married taxpayers who file a joint federal  
40 income tax return and who elect to file separate  
41 returns or separate filing on a combined return for  
42 Iowa income tax purposes, may avail themselves of  
43 the additional-first-year-depreciation expensing of  
44 business assets and capital loss provisions of sections  
45 179(a) and 1211(b) respectively of the Internal Revenue  
46 Code of 1954 and shall compute the amount of ~~additional~~  
47 first-year-depreciation expensing of business assets  
48 and capital loss subject to the limitations for joint  
49 federal income tax return filers provided by sections  
50 179(b) and 1211(b) respectively of the Internal Revenue

1 Code of 1954.

2 Sec. 4. Section 422.7, Code 1981, is amended by  
3 adding the following new subsection:

4 NEW SUBSECTION. Married taxpayers, who file a  
5 joint federal income tax return and who elect to file  
6 separate returns or separate filing on a combined  
7 return for state income tax purposes, may avail  
8 themselves of the dividend exclusion provisions of  
9 section 116(a) of the Internal Revenue Code of 1954  
10 and shall compute the dividend exclusion subject to  
11 the limitations for joint federal income tax return  
12 filers provided by section 116(a) of the Internal  
13 Revenue Code of 1954.

14 Sec. 5. Section 422.7, Code 1981, is amended by  
15 adding the following new subsection:

16 NEW SUBSECTION. The exclusion of interest income  
17 provided by section 128 of the Internal Revenue Code  
18 of 1954 is not applicable in computing Iowa net income  
19 for tax years beginning on or after January 1, 1981  
20 and before January 1, 1984.

21 Sec. 6. Section 422.7, Code 1981, is amended by  
22 adding the following new subsection:

23 NEW SUBSECTION. The deduction for a married couple  
24 where both persons are wage earners which is provided  
25 by section 221 of the Internal Revenue Code of 1954  
26 is not applicable in computing Iowa net income for  
27 tax years beginning on or after January 1, 1982.

28 Sec. 7. Section 422.7, Code 1981, is amended by  
29 adding the following new subsection:

30 NEW SUBSECTION. The deduction for contributions  
31 to an individual retirement account provided by section  
32 219 of the Internal Revenue Code of 1954 is not  
33 applicable in computing Iowa net income for tax years  
34 beginning on or after January 1, 1982. The deduction  
35 for contributions to an individual retirement account  
36 provided by section 219 or 220 of the Internal Revenue  
37 Code of 1954, as amended up to and including January  
38 1, 1981, is allowable in computing Iowa net income  
39 for tax years beginning on or after January 1, 1982.  
40 Distributions or payments from an individual retirement  
41 account shall be included in net income by the payee  
42 or distributee in the tax year received. However,  
43 that portion of the distribution or payment which  
44 has previously been included in Iowa net income under  
45 this subsection shall not be included in the payee  
46 or distributee's Iowa net income in the tax year  
47 received.

48 Sec. 8. Section 422.7, Code 1981, is amended by  
49 adding the following new subsection:

50 NEW SUBSECTION. The deduction for contributions

1 to a self-employed retirement plan provided by section  
2 404 of the Internal Revenue Code of 1954 is not  
3 applicable in computing Iowa net income for tax years  
4 beginning on or after January 1, 1982. The deduction  
5 for contributions to a self-employed retirement plan  
6 provided by section 404 of the Internal Revenue Code  
7 of 1954, as amended up to and including January 1,  
8 1981, is allowable in computing Iowa net income for  
9 tax years beginning on or after January 1, 1982.  
10 Distributions or payments from a self-employed  
11 retirement plan shall be included in net income by  
12 the payee or distributee in the tax year received.  
13 However, that portion of the distribution or payment  
14 which has previously been included in Iowa net income  
15 under this subsection shall not be included in the  
16 payee or distributee's Iowa net income in the tax  
17 year received.

18 Sec. 9. Section 422.7, Code 1981, is amended by  
19 adding the following new subsection:

20 NEW SUBSECTION. The deduction allowed under section  
21 162 (h) of the Internal Revenue Code of 1954 is not  
22 applicable in computing Iowa net income for any tax  
23 year beginning on or before December 31, 1980. The  
24 deduction allowed under section 604 of the tax reform  
25 Act of 1976, as amended up to and including December  
26 31, 1980, is allowable in computing Iowa net income,  
27 for tax years beginning on or before December 31,  
28 1980, under provisions effective for the year for  
29 which the return is made. The deduction allowed under  
30 section 162(h) of the Internal Revenue Code of 1954  
31 is not applicable in computing Iowa net income for  
32 any tax year beginning on or after January 1, 1981.  
33 The deduction allowed under section 604 of the tax  
34 reform Act of 1976, as amended up to and including  
35 December 31, 1980, is allowable in computing Iowa  
36 net income for tax years beginning on or after January  
37 1, 1981. The maximum allowable deduction, other than  
38 for travel expense, shall not exceed the per day  
39 expense of office as allowed under section 2.10,  
40 subsection 1, where the taxpayer elects on the Iowa  
41 return to be governed by section 604 of the tax reform  
42 Act of 1976, as amended up to and including December  
43 31, 1980 and shall not exceed fifty dollars per day  
44 where the taxpayer itemizes expenses.

45 Sec. 10. Section 422.9, subsection 2, Code 1981,  
46 is amended by adding the following new lettered  
47 paragraph:

48 NEW LETTERED PARAGRAPH. Subtract the adoption  
49 deduction permitted under section 222 of the Internal  
50 Revenue Code of 1954.

1 Sec. 11. Section 422.9, subsection 3, paragraphs  
2 b and c, Code 1981, are amended to read as follows:

3 b. The Iowa net operating loss remaining after  
4 being carried back as required in paragraph "a" of  
5 this subsection or if not required to be carried back  
6 shall be carried forward ~~seven~~ fifteen taxable years.

7 c. If the election under section 172(b)(3)(C)  
8 of the Internal Revenue Code of 1954 is made, the  
9 Iowa net operating loss shall be carried forward ~~seven~~  
10 fifteen taxable years.

11 Sec. 12. Section 422.32, subsection 4, Code 1981,  
12 as amended by Acts of the Sixty-ninth General Assembly,  
13 1981 Session, chapter 132, section 7, is amended to  
14 read as follows:

15 4. "Internal Revenue Code of 1954" means the  
16 Internal Revenue Code of 1954, as amended to and  
17 including January 1, ~~1981~~ 1982.

18 Sec. 13. Section 422.33, Code 1981, is amended  
19 by adding the following new subsection:

20 NEW SUBSECTION. In addition to all taxes imposed  
21 under this division, there is imposed upon each  
22 corporation doing business within the state a state  
23 minimum tax for tax preference equal to twenty-five  
24 percent of the state's apportioned share of the federal  
25 minimum tax. The state's apportioned share of the  
26 federal minimum tax is a percent equal to the ratio  
27 of the federal minimum tax on preferences attributable  
28 to Iowa to the federal minimum tax on all preferences.  
29 The director shall prescribe rules for the  
30 determination of the amount of the federal minimum  
31 tax on preferences attributable to Iowa which shall  
32 be based as much as equitably possible on the alloca-  
33 tion and apportionment provisions of subsections 1  
34 and 2. For purposes of this subsection, "federal  
35 minimum tax" means the federal minimum tax for tax  
36 preferences computed under sections 55 through 58  
37 of the Internal Revenue Code of 1954 for the tax year.

38 Sec. 14. Section 422.35, subsection 4, Code 1981,  
39 is amended by striking the subsection and inserting  
40 in lieu thereof the following:

41 4. If the taxpayer's federal taxable income is  
42 fifty thousand dollars or less, the taxpayer shall  
43 subtract fifty percent of the federal income taxes  
44 paid or accrued, as the case may be, during the tax  
45 year, adjusted by any federal income tax refunds;  
46 and add the Iowa income tax deducted in computing  
47 the taxable income. If the taxpayer's federal taxable  
48 income is more than fifty thousand dollars, the  
49 taxpayer shall subtract twenty-five percent of the  
50 federal income taxes paid or accrued, as the case

1 may be, during the tax year, adjusted by any federal  
2 income tax refunds; and add the Iowa income tax  
3 deducted in computing the taxable income.

4 Sec. 15. Section 422.35, subsection 7, paragraphs  
5 b and c, Code 1981, are amended to read as follows:

6 b. The Iowa net operating loss remaining after  
7 being carried back as required in paragraph "a" of  
8 this subsection or if not required to be carried back  
9 shall be carried forward ~~seven~~ fifteen taxable years.

10 c. If the election under section 172(b)(3)(C)  
11 of the Internal Revenue Code of 1954 is made, the  
12 Iowa net operating loss shall be carried forward ~~seven~~  
13 fifteen taxable years.

14 Sec. 16. Section 427A.9, Code 1981, is amended  
15 by inserting after unnumbered paragraph 2 the following  
16 new unnumbered paragraph:

17 NEW UNNUMBERED PARAGRAPH. Notwithstanding the  
18 provisions of this section which require an increase  
19 in general fund revenues in excess of five and one-  
20 half percent, adjusted for changes in rate or basis,  
21 to increase the personal property tax credit, the  
22 amount of the personal property tax credit, to be  
23 allowed for taxes payable in the fiscal year beginning  
24 July 1, 1982 and ending June 30, 1983 shall be  
25 increased as provided in this section.

26 Sec. 17. Chapter 427B, Code 1981, is amended by  
27 adding sections 18 through 22 of this Act.

28 Sec. 18. NEW SECTION. For property defined in  
29 section 427A.1, subsection 1, paragraphs e and j  
30 acquired or initially leased after December 31, 1981,  
31 the taxpayer's valuation shall be limited to thirty  
32 percent of the net acquisition cost of the property.  
33 For purposes of this section, "net acquisition cost"  
34 means the acquired cost of the property including  
35 all foundations and installation cost less any excess  
36 cost adjustment.

37 For purposes of sections 18 to 22 of this Act:

38 1. Property assessed by the department of revenue  
39 pursuant to sections 428.24 to 428.29, or chapters  
40 433, 434 and 436 to 438 shall not receive the benefits  
41 of sections 18 to 22 of this Act.

42 2. Property acquired on or before December 31,  
43 1981 which was owned or used on or before December  
44 31, 1981 by a related person shall not receive the  
45 benefits of sections 18 to 22 of this Act.

46 3. Property acquired after December 31, 1981 which  
47 was owned and used by a related person shall not  
48 receive any additional benefits under sections 18  
49 to 22 of this Act.

50 4. Property which was owned or used on or before

1 December 31, 1981 and subsequently acquired by an  
2 exchange of like property shall not receive the  
3 benefits of sections 18 to 22 of this Act.

4 5. Property which was acquired after December  
5 31, 1981 and subsequently exchanged for like property  
6 shall not receive any additional benefits under  
7 sections 18 to 22 of this Act.

8 6. Property acquired on or before December 31,  
9 1981 which is subsequently leased to a taxpayer or  
10 related person who previously owned the property shall  
11 not receive the benefits of sections 18 to 22 of this  
12 Act.

13 7. Property acquired after December 31, 1981 which  
14 is subsequently leased to a taxpayer or related person  
15 who previously owned the property shall not receive  
16 any additional benefits under sections 18 to 22 of  
17 this Act.

18 For purposes of this section, "related person"  
19 means a person who owns or controls the taxpayer's  
20 business and another business entity from which  
21 property is acquired or leased or to which property  
22 is sold or leased. Business entities are owned or  
23 controlled by the same person if the same person  
24 directly or indirectly owns or controls fifty percent  
25 or more of the assets or any class of stock or who  
26 directly or indirectly has an interest of fifty percent  
27 or more in the ownership or profits.

28 Sec. 19. NEW SECTION. On or before July 1 of  
29 each year, the assessor shall determine the taxpayer's  
30 value of the property specified in section 18 of this  
31 Act and the value at which the property would be  
32 assessed in the absence of sections 18 to 22 of this  
33 Act, and report the values to the county auditor.

34 On or before July 1 of the following year the  
35 county auditor shall prepare a statement listing for  
36 each taxing jurisdiction in the county:

37 1. The difference between the assessed value of  
38 property defined in section 427A.1, subsection 1,  
39 paragraphs e and j and assessed pursuant to section  
40 18 of this Act as of January 1 of the preceding year,  
41 and the value at which the property would be assessed  
42 in the absence of sections 18 to 22 of this Act.

43 2. The tax levy rate for each taxing jurisdiction  
44 levied against assessments made as of January 1 of  
45 the previous year.

46 3. The machinery and computer tax replacement  
47 claim for each taxing district, which is equal to  
48 the amount determined pursuant to subsection 1 of  
49 this section, multiplied by the tax rate specified  
50 in subsection 2 of this section.

1 The county auditor shall certify and forward one  
2 copy of the statement to the state comptroller not  
3 later than July 1 of each year.

4 Sec. 20. NEW SECTION. Each county treasurer shall  
5 be reimbursed an amount equal to the machinery and  
6 computer tax replacement claim for that county  
7 determined pursuant to section 19, subsection 3, of  
8 this Act. The reimbursement shall be made in two  
9 equal installments on or before September 30 and March  
10 30 of each year, provided that if sufficient funds  
11 are not appropriated to pay in full the amounts  
12 certified to the state comptroller pursuant to section  
13 19 of this Act, the state comptroller shall prorate  
14 the appropriation among the county treasurers and  
15 notify the county treasurers of the prorate percentage  
16 on or before September 1. The county treasurer shall  
17 apportion the disbursement in the manner provided  
18 in section 445.57.

19 Sec. 21. NEW SECTION. There is appropriated  
20 annually from the general fund of the state to the  
21 state comptroller an amount sufficient to carry out  
22 the provisions of sections 18 to 22 of this Act.

23 Sec. 22. NEW SECTION. Property defined in section  
24 427A.1, subsection 1, paragraphs e and j and assessed  
25 under sections 18 to 22 of this Act shall not be  
26 eligible to receive a partial exemption under sections  
27 427B.1 to 427B.6.

28 Sec. 23. Acts of the Sixty-ninth General Assembly,  
29 1981 Session, chapter 132, sections 4 and 5, are  
30 repealed.

31 Sec. 24. Acts of the Sixty-ninth General Assembly,  
32 1981 Session, chapter 147, section 14, is amended  
33 to read as follows:

34 SEC. 14. NEW SECTION. There is imposed upon the  
35 qualified heir an additional inheritance tax if,  
36 within ~~fifteen~~ ten years after the decedent's death  
37 and before the ~~death~~ of the qualified heir, the  
38 qualified heir disposes of, other than to a member  
39 of the family, any interest in qualified real property  
40 for which an election under section 13 of this Act  
41 was made or ceases to use for the qualified use the  
42 qualified real property for which an election under  
43 section 13 of this Act was made as prescribed in  
44 section 2032A(c) of the Internal Revenue Code of 1954.  
45 The additional inheritance tax shall be the amount  
46 computed under ~~sections 15 and~~ section 16 of this  
47 Act and shall be due six months after the date of  
48 the disposition or cessation of qualified use referred  
49 to in this section. The amount of the additional  
50 inheritance tax shall accrue interest at the rate

1 of ten percent per year from nine months after the  
2 decedent's death to the due date of the tax. The  
3 tax shall be paid to the department of revenue and  
4 shall be deposited into the general fund of the state.  
5 Taxes not paid within the time prescribed in this  
6 section shall draw interest at the rate of ten percent  
7 per annum until paid. There shall not be an additional  
8 inheritance tax if the disposition or cessation occurs  
9 ten years or more after the decedent's death.

10 Sec. 25. Acts of the Sixty-ninth General Assembly,  
11 1981 Session, chapter 147, section 15, is repealed.

12 Sec. 26. Acts of the Sixty-ninth General Assembly,  
13 1981 Session, chapter 147, section 17, is amended  
14 to read as follows:

15 SEC. 17. NEW SECTION. A lien is created in favor  
16 of the state for the additional inheritance tax which  
17 may be imposed by section 14 of this Act on the  
18 qualified real property for which an election has  
19 been made under section 13 of this Act. The lien  
20 created by this section shall continue until the tax  
21 has been paid or ten years after the tax is due,  
22 whichever date occurs first. However, the lien shall  
23 expire ~~fifteen~~ ten years after the decedent's death  
24 if the qualified heir has not disposed of or ceased  
25 to use for the qualified use the qualified real  
26 property which would impose the tax under section  
27 14 of this Act. The department of revenue may release  
28 the lien prior to the payment of the tax due, if any,  
29 if adequate security for payment of the tax is given.

30 Unless the lien has been perfected by recording  
31 in the office of the recorder in the county where  
32 the estate is probated, a transfer of the qualified  
33 real property to a bona fide purchaser for value shall  
34 divest the property of the lien. If the lien is  
35 perfected by recording, the rights of the state under  
36 the lien have priority over all subsequent mortgagees,  
37 purchasers or judgment creditors. The lien may be  
38 foreclosed by the director of revenue in the same  
39 manner as is now prescribed for the foreclosure of  
40 real estate mortgages and upon judgment, execution  
41 shall be issued to sell as much of the property  
42 necessary to satisfy the tax, interest and costs due.

43 Sec. 27. The prohibition in section 422.16,  
44 subsection 11, paragraph e, on the waiver relating  
45 to reasonable cause of the addition to tax for under-  
46 payment of the estimated tax payable shall not apply  
47 with regard to the 1981 tax year to farmers and  
48 fishermen who have elected not to pay estimated taxes  
49 during the 1981 tax year and the director may waive  
50 the addition to tax for underpayment of the estimated

H-5082

Page 9

1 tax payable for the 1981 tax year for reasonable  
2 cause.

3 Sec. 28. Sections 1, 4, 9, 10, 12, and 14 of this  
4 Act are retroactive to January 1, 1981 for tax years  
5 beginning on or after January 1, 1981.

6 Sec. 29. Sections 2, 3, 5, 6, 7, 8, 13, and 23  
7 of this Act are retroactive to January 1, 1982 for  
8 tax years beginning on or after January 1, 1982.

9 Sec. 30. Sections 11 and 15 of this Act are  
10 retroactive to January 1, 1976 for losses arising  
11 in tax years ending on or after January 1, 1976.

12 Sec. 31. Sections 17, 18, 19, 20, 21, and 22 of  
13 this Act are retroactive to December 31, 1981 for  
14 property acquired or leased after December 31, 1981.

15 Sec. 32. Sections 24, 25, and 26 of this Act are  
16 effective July 1, 1982 for estates of individuals  
17 dying on or after July 1, 1982.

18 Sec. 33. This Act, being deemed of immediate  
19 importance, takes effect from and after its publication  
20 in the Charles City Press, a newspaper published in  
21 Charles City, Iowa, and in The Record-Herald and  
22 Indianola Tribune, a newspaper published in Indianola,  
23 Iowa." "

H-5082 FILED  
FEBRUARY 9, 1982

BY SHULL of Warren  
SCHNEKLOTH of Scott

*Adopted 2/10 (p. 263)*

HOUSE FILE 2171

#-5085

1 Amend House File 2171 as follows:  
2 1. Page 3, by inserting after line 8 the following  
3 new section:  
4 "Sec. 8. Section 422.7, Code 1981, is amended  
5 by adding the following new subsection:  
6 NEW SUBSECTION. The deduction for depreciation  
7 as allowed under section 168 of the Internal Revenue  
8 Code of 1954 is applicable in computing Iowa net  
9 income as provided under this subsection for tax years  
10 ending on or after December 31, 1982. If there is  
11 an unobligated state general fund balance on June  
12 30, 1982, as certified by the state comptroller by  
13 September 10, 1982 of the fiscal year beginning in  
14 that calendar year of sixty million dollars or more,  
15 a deduction equal to the amount allowed under section  
16 168 of the Internal Revenue Code of 1954 is allowed.  
17 If the amount of the unobligated state general fund  
18 balance on June 30, 1982 is twenty million dollars  
19 or more but less than sixty million dollars, an amount  
20 equal to the deduction allowed under section 168 of  
21 the Internal Revenue Code of 1954 shall be allowed  
22 on the first thirty thousand and eighty percent of  
23 any amount in excess of thirty thousand. If the  
24 amount of the unobligated state general fund balance  
25 on June 30, 1982 is less than twenty million dollars,  
26 the taxpayer shall be allowed a deduction equal to  
27 the amount of the deduction allowed under section  
28 168 of the Internal Revenue Code of 1954 on the first  
29 thirty thousand and sixty percent of any amount in  
30 excess of thirty thousand. For tax years ending on  
31 or after December 31, 1983, if there is an unobligated  
32 state general fund balance on June 30, 1983 and June  
33 30 of each succeeding year, as certified by the state  
34 comptroller by September 10, 1983 and September 10  
35 of each succeeding year of the fiscal year beginning  
36 in that calendar year of sixty million dollars or  
37 more, a deduction equal to the amount allowed under  
38 section 168 of the Internal Revenue Code of 1954 is  
39 allowed. If the amount of the unobligated state  
40 general fund balance on June 30, 1983 and June 30  
41 of each succeeding year is thirty million dollars  
42 or more but less than sixty million dollars, an amount  
43 equal to the deduction allowed under section 168 of  
44 the Internal Revenue Code of 1954 shall be allowed  
45 on the first thirty thousand and eighty percent of  
46 any amount in excess of thirty thousand. If the  
47 amount of the unobligated state general fund balance  
48 on June 30, 1983 and June 30 of each succeeding year  
49 is less than thirty million dollars, the taxpayer  
50 shall be allowed a deduction equal to the amount of

Page 3  
February 11, 1982

H-5085  
Page 2

1 the deduction allowed under section 168 of the Internal  
2 Revenue Code of 1954 on the first thirty thousand  
3 and sixty percent of any amount in excess of thirty  
4 thousand. This subsection is also applicable to  
5 taxpayers filing returns under Divisions III and V  
6 of this chapter."

H-5085 FILED  
FEBRUARY 10, 1982

BY AVENSON of Fayette  
BRUNER of Story  
DAVITT of Warren

SUSPENSION OF RULES REQUIRED

*Placed out of order 2/10 (p. 364)*

HOUSE FILE 2171

H-5091

- 1 Amend amendment H-5082 to amendment H-5058 to
- 2 House File 2171, as follows:
- 3 1. Page 3, by inserting after line 17 the
- 4 following new section:
- 5 "Sec. 9 . Section 422.7, Code 1981, is amended
- 6 by adding the following new subsection:
- 7 NEW SUBSECTION. The deductions allowed for living
- 8 expenses to a member of congress in computing Iowa
- 9 net income shall be limited to that amount of expenses
- 10 allowed to a member of congress by any federal law
- 11 or rule in effect on December 31, 1980."
- 12 2. Page 9, line 3, by inserting after the figure
- 13 "4," the figure "9,".
- 14 3. By renumbering as necessary.

H-5091 FILED BY CARL of Poweshiek  
FEBRUARY 10, 1982  
MOTION TO SUSPEND RULES  
& ADOPT, LOST (p. 559)  
HOUSE FILE 2171

H-5092

- 1 Amend amendment H-5082 to amendment H-5058 to
- 2 House File 2171 as follows:
- 3 1. Page 1, line 19, by inserting after the word
- 4 "nonresident" the following: "including resident and
- 5 nonresident estates and trusts,".
- 6 2. Page 1, line 20, by inserting after the word
- 7 "preference" the word "items".
- 8 3. Page 4, line 23, by inserting after the word
- 9 "preference" the word "items".
- 10 4. Page 5, by inserting after line 13, the
- 11 following:
- 12 "Sec. \_\_\_\_ . Section 422.60, Code 1981, is amended
- 13 by adding the following new unnumbered paragraph:
- 14 NEW UNNUMBERED PARAGRAPH. In addition to all taxes
- 15 imposed under this division, there is imposed upon
- 16 each financial institution doing business within the
- 17 state a state minimum tax for tax preference items
- 18 equal to twenty-five percent of the state's apportioned
- 19 share of the federal minimum tax. The state's
- 20 apportioned share of the federal minimum tax is a
- 21 percent equal to the ratio of the federal minimum
- 22 tax on preferences attributable to Iowa to the federal
- 23 minimum tax on all preferences. The director shall
- 24 prescribe rules for the determination of the amount
- 25 of the federal minimum tax on preferences attributable
- 26 to Iowa which shall be based as much as equitably
- 27 possible on the allocation and apportionment provisions
- 28 of section 422.63. For purposes of this subsection,
- 29 "federal minimum tax" means the federal minimum tax
- 30 for tax preferences computed under sections 55 through 58
- 31 of the Internal Revenue Code of 1954 for the tax year."

H-5092 FILED BY DODERER of Johnson  
FEBRUARY 10, 1982  
MOTION TO SUSPEND RULES & ADOPT, LOST (p. 558)

H-5088

- 1 Amend the Davitt amendment, H-5058, to House File  
 2 2171 as follows:  
 3 1. By inserting after page 5, line 6, the following:  
 4 "Sec. 22 . Section 422.7, Code 1981, is amended by  
 5 adding the following new subsection:  
 6 NEW SUBSECTION. Add the amounts deducted as a re-  
 7 sult of the treatment of sale-leaseback agreements un-  
 8 der section 168(f)(8) of the Internal Revenue Code of  
 9 1954 to the extent that the amounts deducted are not  
 10 otherwise deductible under the provisions of the In-  
 11 ternal Revenue Code of 1954.  
 12 "Sec. 23 . Section 422.35, Code 1981, is amended  
 13 by adding the following new subsection:  
 14 NEW SUBSECTION. Add the amounts deducted as a re-  
 15 sult of the treatment provided sale-leaseback agree-  
 16 ments under section 168(f)(8) of the Internal Revenue  
 17 Code of 1954 to the extent that the amounts deducted  
 18 are not otherwise deductible under the other provisions  
 19 of the Internal Revenue Code of 1954."  
 20 "Sec. 24 . Sections 22 and 23 of this Act are retro-  
 21 active to January 1, 1981 for tax years ending on or  
 22 after January 1, 1981."  
 23 2. By renumbering as necessary.

H-5088 FILED

BY RAPP of Black Hawk

FEBRUARY 10, 1982

DODERER of Johnson

*Classified order 2/10 (p. 362)*

BRUNER of Story

HOUSE FILE 2171

H-5089

- 1 Amend amendment H-5082 to House File 2171 as  
 2 follows:  
 3 1. Page 3, by striking lines 40 through 44 and  
 4 inserting in lieu thereof the word and number  
 5 "subsection 1."

H-5089 FILED

BY CHIODO of Polk

FEBRUARY 10, 1982

MOTION TO SUSPEND RULES

&amp; ADOPT-LOST (p. 356)

HOUSE FILE 2171

H-5090

- 1 Amend amendment H-5081 to amendment H-5058,  
 2 as follows:  
 3 1. Page 2, by inserting after line 22, the  
 4 following:  
 5 "Sec. \_\_\_\_ . Section 422.7, Code 1981, is  
 6 amended by adding the following new subsection:  
 7 NEW SUBSECTION. The maximum allowable  
 8 deduction under section 162 (h) of the Internal  
 9 Revenue Code of 1954, other than for travel  
 10 expenses, shall not exceed the per day expense  
 11 of office as allowed under section 2.10,  
 12 subsection 1."

H-5090 FILED

BY ANDERSON of Jasper

FEBRUARY 10, 1982

ADOPTED (p. 345)

HOUSE FILE 2171

H-5093

- 1 Amend amendment H-5082 to amendment H-5058
- 2 to House File 2171, as follows:
- 3 1. By striking page 2, line 28, through
- 4 page 3, line 17.

H-5093 FILED  
FEBRUARY 10, 1982  
MOTION TO SUSPEND RULES  
& ADOPT, LOST (p. 361)

BY NORLAND of Worth

HOUSE FILE 2171

H-5095

- 1 Amend House File 2171, as follows:
- 2 1. Title page, line 7, by inserting after the
- 3 word "credit," the following: "imposing a minimum
- 4 tax, reducing the deduction for federal taxes from
- 5 state corporate taxable income, amending certain
- 6 inheritance tax provisions,".

H-5095 FILED  
FEBRUARY 10, 1982  
ADOPTED BY UNANIMOUS CONSENT (p. 365)

BY BRUNER of Story

HOUSE FILE 2171 *2/11 Do Pass per 5115 2/13 (p. 436)*

Ways and Means *whole 2/17*

Craft, Chair  
Rodgers  
Readinger  
Hester  
Rush

HOUSE FILE 2171

BY COMMITTEE ON WAYS AND MEANS

(As Amended and Passed by the House)

*new Senate  
amend. 5231*

Passed House, Date 2-25-82 (p. 554) Passed Senate, Date 2-23-82 (p. 489)

Vote: Ayes 74 Nays 24 Vote: Ayes 28 Nays 22

Approved March 3, 1982

# A BILL FOR

1 An Act relating to taxation by updating references to the  
 2 Internal Revenue Code in the state income, franchise, and  
 3 inheritance tax laws, providing certain changes from and  
 4 certain coordinating amendments to the Internal Revenue  
 5 Code, providing for the assessment of computers and  
 6 machinery used in manufacturing, increasing the personal  
 7 property tax credit, imposing a minimum tax, reducing  
 8 the deduction for federal taxes from state corporate  
 9 taxable income, amending certain inheritance tax  
 10 provisions, making an appropriation, and making certain  
 11 provisions of the Act retroactive and making the Act  
 12 effective upon publication.

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

## COMMUNICATION FROM SECRETARY OF STATE

March 29, 1982

Ms. Elizabeth A. Isaacson  
Chief Clerk of the House  
State Capitol Building  
LOCAL

I hereby certify that House File 2171 was published in the Charles City Press, Charles City, Iowa on March 11, 1982 and in the Record-Herald and Indianola Tribune, Indianola, Iowa on March 25, 1982.

Respectfully Submitted,  
MARY JANE ODELL  
Secretary of State

57809-10-10  
5145

1 Section 1. Section 422.4, subsection 17, Code 1981, as  
2 amended by Acts of the Sixty-ninth General Assembly, 1981  
3 Session, chapter 132, section 2, is amended 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, ~~1981~~ 1982.

7 Sec. 2. Section 422.5, Code 1981, is amended by adding  
8 the following new unnumbered paragraph:

9 NEW UNNUMBERED PARAGRAPH. In addition to all taxes imposed  
10 under this division, there is imposed upon every resident  
11 and nonresident of this state a state minimum tax for tax  
12 preference equal to twenty-five percent of the state's  
13 apportioned share of the federal minimum tax. The state's  
14 apportioned share of the federal minimum tax is one hundred  
15 percent in the case of a resident and in the case of a  
16 nonresident a percent equal to the ratio of the federal minimum  
17 tax on preferences attributable to Iowa to the federal minimum  
18 tax on all preferences. The director shall prescribe rules  
19 for the determination of the amount of the federal minimum  
20 tax on preferences attributable to Iowa which shall be based  
21 as much as equitably possible on the allocation provisions  
22 of section 422.8, subsections 2 and 3. For purposes of this  
23 paragraph, "federal minimum tax" means the federal minimum  
24 tax for tax preferences computed under sections 55 through  
25 58 of the Internal Revenue Code of 1954 for the tax year.

26 Sec. 3. Section 422.7, subsection 8, Code 1981, is amended  
27 to read as follows:

28 8. Married taxpayers who file a joint federal income tax  
29 return and who elect to file separate returns or separate  
30 filing on a combined return for Iowa income tax purposes,  
31 may avail themselves of the ~~additional-first-year-depreciation~~  
32 expensing of business assets and capital loss provisions of  
33 sections 179(a) and 1211(b) respectively of the Internal  
34 Revenue Code of 1954 and shall compute the amount of ~~additional~~  
35 ~~first-year-depreciation~~ expensing of business assets and

1 capital loss subject to the limitations for joint federal  
2 income tax return filers provided by sections 179(b) and  
3 1211(b) respectively of the Internal Revenue Code of 1954.

4 Sec. 4. Section 422.7, Code 1981, is amended by adding  
5 the following new subsection:

6 NEW SUBSECTION. Married taxpayers, who file a joint federal  
7 income tax return and who elect to file separate returns or  
8 separate filing on a combined return for state income tax  
9 purposes, may avail themselves of the dividend exclusion  
10 provisions of section 116(a) of the Internal Revenue Code  
11 of 1954 and shall compute the dividend exclusion subject to  
12 the limitations for joint federal income tax return filers  
13 provided by section 116(a) of the Internal Revenue Code of  
14 1954.

15 Sec. 5. Section 422.7, Code 1981, is amended by adding  
16 the following new subsection:

17 NEW SUBSECTION. The exclusion of interest income provided  
18 by section 128 of the Internal Revenue Code of 1954 is not  
19 applicable in computing Iowa net income for tax years beginning  
20 on or after January 1, 1981 and before January 1, 1984.

21 Sec. 6. Section 422.7, Code 1981, is amended by adding  
22 the following new subsection:

23 NEW SUBSECTION. The deduction for a married couple where  
24 both persons are wage earners which is provided by section  
25 221 of the Internal Revenue Code of 1954 is not applicable  
26 in computing Iowa net income for tax years beginning on or  
27 after January 1, 1982.

28 Sec. 7. Section 422.7, Code 1981, is amended by adding  
29 the following new subsection:

30 NEW SUBSECTION. The deduction for contributions to an  
31 individual retirement account provided by section 219 of the  
32 Internal Revenue Code of 1954 is not applicable in computing  
33 Iowa net income for tax years beginning on or after January  
34 1, 1982. The deduction for contributions to an individual  
35 retirement account provided by section 219 or 220 of the

1 Internal Revenue Code of 1954, as amended up to and including  
2 January 1, 1981, is allowable in computing Iowa net income  
3 for tax years beginning on or after January 1, 1982.  
4 Distributions or payments from an individual retirement account  
5 shall be included in net income by the payee or distributee  
6 in the tax year received. However, that portion of the  
7 distribution or payment which has previously been included  
8 in Iowa net income under this subsection shall not be included  
9 in the payee or distributee's Iowa net income in the tax year  
10 received.

11 Sec. 8. Section 422.7, Code 1981, is amended by adding  
12 the following new subsection:

13 NEW SUBSECTION. The deduction for contributions to a self-  
14 employed retirement plan provided by section 404 of the  
15 Internal Revenue Code of 1954 is not applicable in computing  
16 Iowa net income for tax years beginning on or after January  
17 1, 1982. The deduction for contributions to a self-employed  
18 retirement plan provided by section 404 of the Internal Revenue  
19 Code of 1954, as amended up to and including January 1, 1981,  
20 is allowable in computing Iowa net income for tax years  
21 beginning on or after January 1, 1982. Distributions or  
22 payments from a self-employed retirement plan shall be included  
23 in net income by the payee or distributee in the tax year  
24 received. However, that portion of the distribution or payment  
25 which has previously been included in Iowa net income under  
26 this subsection shall not be included in the payee or dis-  
27 tributee's Iowa net income in the tax year received.

3125 28 Sec. 9. Section 422.7, Code 1981, is amended by adding  
29 the following new subsection:

30 NEW SUBSECTION. The deduction allowed under section 162  
31 (h) of the Internal Revenue Code of 1954 is not applicable  
32 in computing Iowa net income for any tax year beginning on  
33 or before December 31, 1980. The deduction allowed under  
34 section 604 of the tax reform Act of 1976, as amended up to  
35 and including December 31, 1980, is allowable in computing

1 Iowa net income, for tax years beginning on or before December  
 2 31, 1980, under provisions effective for the year for which  
 3 the return is made. The deduction allowed under section  
 4 162(h) of the Internal Revenue Code of 1954 is not applicable  
 5 in computing Iowa net income for any tax year beginning on  
 6 or after January 1, 1981. The deduction allowed under section  
 7 604 of the tax reform Act of 1976, as amended up to and  
 8 including December 31, 1980, is allowable in computing Iowa  
 9 net income for tax years beginning on or after January 1,  
 10 1981. The maximum allowable deduction, other than for travel  
 11 expense, shall not exceed the per day expense of office as  
 12 allowed under section 2.10, subsection 1, where the taxpayer  
 13 elects on the Iowa return to be governed by section 604 of  
 14 the tax reform Act of 1976, as amended up to and including  
 15 December 31, 1980 and shall not exceed fifty dollars per day  
 16 where the taxpayer itemizes expenses.

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17 Sec. 10. Section 422.9, subsection 2, Code 1981, is amended  
 18 by adding the following new lettered paragraph:

19 NEW LETTERED PARAGRAPH. Subtract the adoption deduction  
 20 permitted under section 222 of the Internal Revenue Code of  
 21 1954.

22 Sec. 11. Section 422.9, subsection 3, paragraphs b and  
 23 c, Code 1981, are amended to read as follows:

24 b. The Iowa net operating loss remaining after being car-  
 25 ried back as required in paragraph "a" of this subsection  
 26 or if not required to be carried back shall be carried forward  
 27 seven fifteen taxable years.

28 c. If the election under section 172(b)(3)(C) of the In-  
 29 ternal Revenue Code of 1954 is made, the Iowa net operating  
 30 loss shall be carried forward seven fifteen taxable years.

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31 Sec. 12. Section 422.32, subsection 4, Code 1981, as  
 32 amended by Acts of the Sixty-ninth General Assembly, 1981  
 33 Session, chapter 132, section 7, is amended to read as fol-  
 34 lows:

35 4. "Internal Revenue Code of 1954" means the Internal

1 Revenue Code of 1954, as amended to and including January  
2 1, 1981 1982.

3 Sec. 13. Section 422.33, Code 1981, is amended by add-  
4 ing the following new subsection:

5 NEW SUBSECTION. In addition to all taxes imposed under  
6 this division, there is imposed upon each corporation doing  
7 business within the state a state minimum tax for tax  
8 preference equal to twenty-five percent of the state's  
9 apportioned share of the federal minimum tax. The state's  
10 apportioned share of the federal minimum tax is a percent  
11 equal to the ratio of the federal minimum tax on preferences  
12 attributable to Iowa to the federal minimum tax on all  
13 preferences. The director shall prescribe rules for the  
14 determination of the amount of the federal minimum tax on  
15 preferences attributable to Iowa which shall be based as much  
16 as equitably possible on the allocation and apportionment  
17 provisions of subsections 1 and 2. For purposes of this  
18 subsection, "federal minimum tax" means the federal minimum  
19 tax for tax preferences computed under sections 55 through  
20 58 of the Internal Revenue Code of 1954 for the tax year.

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21 Sec. 14. Section 422.35, subsection 4, Code 1981, is  
22 amended by striking the subsection and inserting in lieu  
23 thereof the following:

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24 4. If the taxpayer's federal taxable income is fifty  
25 thousand dollars or less, the taxpayer shall subtract fifty  
26 percent of the federal income taxes paid or accrued, as the  
27 case may be, during the tax year, adjusted by any federal  
28 income tax refunds; and add the Iowa income tax deducted in  
29 computing the taxable income. If the taxpayer's federal  
30 taxable income is more than fifty thousand dollars, the  
31 taxpayer shall subtract twenty-five percent of the federal  
32 income taxes paid or accrued, as the case may be, during the  
33 tax year, adjusted by any federal income tax refunds; and  
34 add the Iowa income tax deducted in computing the taxable  
35 income.

1 Sec. 15. Section 422.35, subsection 7, paragraphs b and  
2 c, Code 1981, are amended to read as follows:

3 b. The Iowa net operating loss remaining after being  
4 carried back as required in paragraph "a" of this subsection  
5 or if not required to be carried back shall be carried forward  
6 seven fifteen taxable years.

7 c. If the election under section 172(b)(3)(C) of the  
8 Internal Revenue Code of 1954 is made, the Iowa net operating  
9 loss shall be carried forward seven fifteen taxable years.

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10 Sec. 16. Section 427A.9, Code 1981, is amended by inserting  
11 after unnumbered paragraph 2 the following new unnumbered  
12 paragraph:

13 NEW UNNUMBERED PARAGRAPH. Notwithstanding the provisions  
14 of this section which require an increase in general fund  
15 revenues in excess of five and one-half percent, adjusted  
16 for changes in rate or basis, to increase the personal property  
17 tax credit, the amount of the personal property tax credit,  
18 to be allowed for taxes payable in the fiscal year beginning  
19 July 1, 1982 and ending June 30, 1983 shall be increased as  
20 provided in this section.

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21 Sec. 17. Chapter 427B, Code 1981, is amended by adding  
22 sections 18 through 22 of this Act.

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23 Sec. 18. NEW SECTION. For property defined in section  
24 427A.1, subsection 1, paragraphs e and j acquired or initially  
25 leased after December 31, 1981, the taxpayer's valuation shall  
26 be limited to thirty percent of the net acquisition cost of  
27 the property. For purposes of this section, "net acquisition  
28 cost" means the acquired cost of the property including all  
29 foundations and installation cost less any excess cost adjust-  
30 ment.

31 For purposes of sections 18 to 22 of this Act:

32 1. Property assessed by the department of revenue pursuant  
33 to sections 428.24 to 428.29, or chapters 433, 434 and 436  
34 to 438 shall not receive the benefits of sections 18 to 22  
35 of this Act.

1 2. Property acquired on or before December 31, 1981 which  
2 was owned or used on or before December 31, 1981 by a related  
3 person shall not receive the benefits of sections 18 to 22  
4 of this Act.

5 3. Property acquired after December 31, 1981 which was  
6 owned and used by a related person shall not receive any  
7 additional benefits under sections 18 to 22 of this Act.

8 4. Property which was owned or used on or before December  
9 31, 1981 and subsequently acquired by an exchange of like  
10 property shall not receive the benefits of sections 18 to  
11 22 of this Act.

12 5. Property which was acquired after December 31, 1981  
13 and subsequently exchanged for like property shall not receive  
14 any additional benefits under sections 18 to 22 of this Act.

15 6. Property acquired on or before December 31, 1981 which  
16 is subsequently leased to a taxpayer or related person who  
17 previously owned the property shall not receive the benefits  
18 of sections 18 to 22 of this Act.

19 7. Property acquired after December 31, 1981 which is  
20 subsequently leased to a taxpayer or related person who  
21 previously owned the property shall not receive any additional  
22 benefits under sections 18 to 22 of this Act.

23 For purposes of this section, "related person" means a  
24 person who owns or controls the taxpayer's business and another  
25 business entity from which property is acquired or leased  
26 or to which property is sold or leased. Business entities  
27 are owned or controlled by the same person if the same person  
28 directly or indirectly owns or controls fifty percent or more  
29 of the assets or any class of stock or who directly or  
30 indirectly has an interest of fifty percent or more in the  
31 ownership or profits.

32 Sec. 19. NEW SECTION. On or before July 1 of each year,  
33 the assessor shall determine the taxpayer's value of the  
34 property specified in section 18 of this Act and the value  
35 at which the property would be assessed in the absence of

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1 sections 18 to 22 of this Act, and report the values to the  
 2 county auditor.

3 On or before July 1 of the following year the county auditor  
 4 shall prepare a statement listing for each taxing jurisdiction  
 5 in the county:

5135-6 1. The difference between the assessed value of property  
 7 defined in section 427A.1, subsection 1, paragraphs e and  
 8 j and assessed pursuant to section 18 of this Act as of January  
 9 1 of the preceding year, and the value at which the property  
 10 would be assessed in the absence of sections 18 to 22 of this  
 11 Act.

12 2. The tax levy rate for each taxing jurisdiction levied  
 13 against assessments made as of January 1 of the previous year.

5143-14 3. The machinery and computer tax replacement claim for  
 5146 15 each taxing district, which is equal to the amount determined  
 16 pursuant to subsection 1 of this section, multiplied by the  
 17 tax rate specified in subsection 2 of this section.

18 The county auditor shall certify and forward one copy of  
 19 the statement to the state comptroller not later than July  
 20 1 of each year.

5115 21 Sec. 20. NEW SECTION. Each county treasurer shall be  
 5131 22 reimbursed an amount equal to the machinery and computer tax  
 5143 23 replacement claim for that county determined pursuant to  
 5144 24 section 19, subsection 3, of this Act. The reimbursement  
 25 shall be made in two equal installments on or before September  
 26 30 and March 30 of each year, provided that if sufficient  
 27 funds are not appropriated to pay in full the amounts certified  
 28 to the state comptroller pursuant to section 19 of this Act,  
 29 the state comptroller shall prorate the appropriation among  
 30 the county treasurers and notify the county treasurers of  
 31 the prorate percentage on or before September 1. The county  
 32 treasurer shall apportion the disbursement in the manner  
 33 provided in section 445.57.

5143 34 Sec. 21. NEW SECTION. There is appropriated annually  
 5146 35 from the general fund of the state to the state comptroller

1 an amount sufficient to carry out the provisions of sections  
2 18 to 22 of this Act.

5121-3 Sec. 22. NEW SECTION. Property defined in section 427A.1,  
5125-4 subsection l, paragraphs e and j and assessed under sections  
5 18 to 22 of this Act shall not be eligible to receive a partial  
6 exemption under sections 427B.1 to 427B.6.

7 Sec. 23. Acts of the Sixty-ninth General Assembly, 1981  
8 Session, chapter 132, sections 4 and 5, are repealed.

9 Sec. 24. Acts of the Sixty-ninth General Assembly, 1981  
10 Session, chapter 147, section 14, is amended to read as  
11 follows:

12 SEC. 14. NEW SECTION. There is imposed upon the qualified  
13 heir an additional inheritance tax if, within ~~fifteen~~ ten  
14 years after the decedent's death and before the death of the  
15 qualified heir, the qualified heir disposes of, other than  
16 to a member of the family, any interest in qualified real  
17 property for which an election under section 13 of this Act  
18 was made or ceases to use for the qualified use the qualified  
19 real property for which an election under section 13 of this  
20 Act was made as prescribed in section 2032A(c) of the Internal  
21 Revenue Code of 1954. The additional inheritance tax shall  
22 be the amount computed under ~~sections 15 and~~ section 16 of  
23 this Act and shall be due six months after the date of the  
24 disposition or cessation of qualified use referred to in this  
25 section. The amount of the additional inheritance tax shall  
26 accrue interest at the rate of ten percent per year from nine  
27 months after the decedent's death to the due date of the tax.  
28 The tax shall be paid to the department of revenue and shall  
29 be deposited into the general fund of the state. Taxes not  
30 paid within the time prescribed in this section shall draw  
31 interest at the rate of ten percent per annum until paid.  
32 There shall not be an additional inheritance tax if the  
33 disposition or cessation occurs ten years or more after the  
34 decedent's death.

35 Sec. 25. Acts of the Sixty-ninth General Assembly, 1981

1 Session, chapter 147, section 15, is repealed.

2 Sec. 26. Acts of the Sixty-ninth General Assembly, 1981  
3 Session, chapter 147, section 17, is amended to read as  
4 follows:

5 SEC. 17. NEW SECTION. A lien is created in favor of the  
6 state for the additional inheritance tax which may be imposed  
7 by section 14 of this Act on the qualified real property for  
8 which an election has been made under section 13 of this Act.  
9 The lien created by this section shall continue until the  
10 tax has been paid or ten years after the tax is due, whichever  
11 date occurs first. However, the lien shall expire ~~fifteen~~  
12 ten years after the decedent's death if the qualified heir  
13 has not disposed of or ceased to use for the qualified use  
14 the qualified real property which would impose the tax under  
15 section 14 of this Act. The department of revenue may release  
16 the lien prior to the payment of the tax due, if any, if  
17 adequate security for payment of the tax is given.

18 Unless the lien has been perfected by recording in the  
19 office of the recorder in the county where the estate is  
20 probated, a transfer of the qualified real property to a bona  
21 fide purchaser for value shall divest the property of the  
22 lien. If the lien is perfected by recording, the rights of  
23 the state under the lien have priority over all subsequent  
24 mortgagees, purchasers or judgment creditors. The lien may  
25 be foreclosed by the director of revenue in the same manner  
26 as is now prescribed for the foreclosure of real estate  
27 mortgages and upon judgment, execution shall be issued to  
28 sell as much of the property necessary to satisfy the tax,  
29 interest and costs due.

30 Sec. 27. The prohibition in section 422.16, subsection  
31 11, paragraph e, on the waiver relating to reasonable cause  
32 of the addition to tax for underpayment of the estimated tax  
33 payable shall not apply with regard to the 1981 tax year to  
34 farmers and fishermen who have elected not to pay estimated  
35 taxes during the 1981 tax year and the director may waive

1 the addition to tax for underpayment of the estimated tax  
2 payable for the 1981 tax year for reasonable cause.

5115-3 Sec. 28. Sections 1, 4, 9, 10, 12, and 14 of this Act  
5121  
5147 4 are retroactive to January 1, 1981 for tax years beginning  
5 on or after January 1, 1981.

5115-6  
5121  
5147 6 Sec. 29. Sections 2, 3, 5, 6, 7, 8, 13, and 23 of this  
7 Act are retroactive to January 1, 1982 for tax years beginning  
8 on or after January 1, 1982.

9 Sec. 30. Sections 11 and 15 of this Act are retroactive  
10 to January 1, 1976 for losses arising in tax years ending  
11 on or after January 1, 1976.

12 Sec. 31. Sections 17, 18, 19, 20, 21, and 22 of this Act  
13 are retroactive to December 31, 1981 for property acquired  
14 or leased after December 31, 1981.

15 Sec. 32. Sections 24, 25, and 26 of this Act are effective  
16 July 1, 1982 for estates of individuals dying on or after  
17 July 1, 1982.

18 Sec. 33. This Act, being deemed of immediate importance,  
19 takes effect from and after its publication in the Charles  
20 City Press, a newspaper published in Charles City, Iowa, and  
21 in The Record-Herald and Indianola Tribune, a newspaper  
22 published in Indianola, Iowa.

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HOUSE FILE 2171  
FISCAL NOTE

REQUESTED BY COMMITTEE ON WAYS AND MEANS

In compliance with a written request there is hereby submitted a Fiscal Note for House File 2171 as amended by S-5115 pursuant to Joint Rule 16.

HF2171 as amended by <sup>5115</sup>S-5115 includes the following provisions with fiscal effects:

For both corporations and individuals, expand the existing provisions of the minimum tax on preference items to include estates, trusts, and financial institutions.

- fiscal effect: FY '82 - none  
FY '83 - no effect, as previous estimate was calculated from federal aggregate figures which already included these additions.

Allows the exclusion of contributions to individual retirement accounts to match federal provisions which include participants in a current retirement plan and increase maximum contributions to 100% of wages up to \$2,000.

- fiscal effect: FY '82 - minimal decrease  
FY '83 - \$5.15 million decrease

Allows the exclusion of contributions to self-employment retirement plans to match federal provisions which allow self-employed individuals to participate in a Keogh plan and an Individual Retirement Plan with a maximum contribution to the Keoghs of \$15,000.

- fiscal effect: FY '82 - minimal decrease  
FY '83 - \$ .50 million decrease

Allows the deduction for state legislators' expenses as implemented by the Economic Recovery Act of 1981. The Act codified provisions formerly in the Congressional Rules. For those taxpayers living further than 50 miles from the capitol, a deduction of \$59 per day is allowed.

- fiscal effect: FY '82 - very minimal decrease  
FY '83 - very minimal decrease

Does not allow the deduction under federal law resulting from the treatment provided for sale-leaseback ("safe harbor") agreements to the extent that the amounts deducted are not otherwise deductible under the other provisions of the Internal Revenue Code of 1954. This provision does not allow "in place" machinery (machinery already being used) to be leased back. Effective for tax years ending on or before January 1, 1981.

- fiscal effect: FY '82 - none  
FY '83 - \$2.25 million increase\*

Strikes Section 14 of HF2171 reducing from 50% to 25% the allowable percent which corporations with federal taxable income over \$50,000 may deduct when computing net income for Iowa tax purposes. Provides for an increase from 10% to 12% in the

CONTINUED

corporate tax schedule for those corporations with an Iowa taxable income greater than \$250,000.

- fiscal effect: FY '82 - \$ .95 million increase  
FY '83 - \$4.25 million increase

Amends line 35, page 8 of HF2171, changing "may" to "shall". Removes the prohibition on the waver relating to reasonable cause of the addition to tax for underpayment of the estimated tax payable for the 1981 tax year for farmers and fishermen who have elected not to pay estimated taxes during the 1981 tax year, allowing payment past March 1, 1982 with no penalty.

- fiscal effect: FY '82 - \$ .60 million decrease  
FY '83 - none

SUMMARY:

<u>Provisions of Amendment 5115 to HF2171</u>	<u>FY '82</u>	<u>FY '83</u>
Minimum Tax for Tax Preferences	none	none
Individual Retirement Accounts	minimal decrease	\$5.15 million decrease
Self-Employment Retirement Plans	minimal decrease	\$ .50 million decrease
State Legislators' Expenses	very minimal decrease	very minimal decrease
Exclusion of Sale-Leaseback Deduction	none	\$2.25 million increase
Increase in Corporate Tax Rate	\$ .95 million increase	\$4.25 million increase
Waver for Farmers and Fishermen	\$ .60 million decrease	none
TOTAL	<u>\$ .35 million increase</u>	<u>\$ .85 million increase</u>
Total effect of HF2171 and amendment S-5115	<u>\$7.90 million decrease</u>	<u>\$3.00 million increase</u>

The reliability of this estimate is less than others included in the fiscal note.

FILED:  
FEBRUARY 19, 1982

BY GERRY RANKIN, DIRECTOR  
LEGISLATIVE FISCAL BUREAU

FILED FEB 18 1952

HOUSE FILE 2171

S 5115

1 Amend House File 2171, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 1, line 11, by inserting after the word  
4 "nonresident" the words ", including resident and  
5 nonresident estates and trusts,".

6 2. Page 1, line 12, by inserting after the word  
7 "preference" the word "items".

8 3. Page 1, line 20, by striking the word  
9 "preferences" and inserting in lieu thereof the word  
10 "preference items".

11 4. By striking page 2, line 28 through page 3,  
12 line 10.

13 5. Page 3, by striking lines 11 through 27.

14 6. By striking page 3, line 28 through page 4,  
15 line 16.

16 7. Page 4, by inserting after line 16 the following  
17 new section:

18 "Sec. 10. Section 422.7, Code 1981, is amended  
19 by adding the following new subsection:

20 NEW SUBSECTION. Add the amounts deducted as a  
21 result of the treatment provided sale-leaseback  
22 agreements under section 168(f)(8) of the Internal  
23 Revenue Code of 1954 to the extent that the amounts  
24 deducted are not otherwise deductible under the  
25 provisions of the Internal Revenue Code of 1954."

26 8. Page 5, by striking lines 21 through 35 and  
27 inserting in lieu thereof the following new section:

28 "Sec. 14. Section 422.33, unnumbered paragraph  
29 4, Code 1981, is amended to read as follows:

30 On taxable income ~~of~~ between one hundred thousand  
31 dollars ~~or more~~ and two hundred fifty thousand dollars  
32 or any part thereof, the rate of ten percent.

33 On taxable income of two hundred fifty thousand  
34 dollars or more, the rate of twelve percent."

35 9. Page 6, by inserting after line 9 the following  
36 new section:

37 "Sec. 16. Section 422.35, Code 1981, is amended  
38 by adding the following new subsection:

39 NEW SUBSECTION. Add the amounts deducted as a  
40 result of the treatment provided sale-leaseback  
41 agreements under section 168(f)(8) of the Internal  
42 Revenue Code of 1954 to the extent that the amounts  
43 deducted are not otherwise deductible under the other  
44 provisions of the Internal Revenue Code of 1954."

45 10. Page 6, by inserting after line 9 the following  
46 new section:

47 "Sec. 17. Section 422.60, Code 1981, is amended  
48 by adding the following new unnumbered paragraph:

49 NEW UNNUMBERED PARAGRAPH. In addition to all taxes  
50 imposed under this division, there is imposed upon

S-5115

Page 2

1 each financial institution doing business within the  
2 state a state minimum tax for tax preference items  
3 equal to twenty-five percent of the state's apportioned  
4 share of the federal minimum tax. The state's  
5 apportioned share of the federal minimum tax is a  
6 percent equal to the ratio of the federal minimum  
7 tax on preferences attributable to Iowa to the federal  
8 minimum tax on all preferences. The director shall  
9 prescribe rules for the determination of the amount  
10 of the federal minimum tax on preferences attributable  
11 to Iowa which shall be based as much as equitably  
12 possible on the allocation and apportionment provisions  
13 of section 422.63. For purposes of this subsection,  
14 "federal minimum tax" means the federal minimum tax  
15 for tax preferences computed under sections 55 through  
16 58 of the Internal Revenue Code of 1954 for the tax  
17 year."

18 11. Page 8, lines 26 through 31, by striking the  
19 words ", provided that if sufficient funds are not  
20 appropriated to pay in full the amounts certified  
21 to the state comptroller pursuant to section 19 of  
22 this Act, the state comptroller shall prorate the  
23 appropriation among the county treasurers and notify  
24 the county treasurers of the prorate percentage on  
25 or before September 1".

26 12. Page 10, line 35, by striking the word "may"  
27 and inserting in lieu thereof the word "shall".

28 13. Page 11, line 3, by striking the figure "4,"  
29 and inserting in lieu thereof the figure "5,".

30 14. Page 11, line 3, by striking the word and  
31 figures "12, and 14" and inserting in lieu thereof  
32 the word and figures "10, 12, 14, and 16".

33 15. Page 11, line 6, by striking the figure "5,"  
34 and inserting in lieu thereof the figure "4,".

35 16. Page 11, line 6, by inserting after the figure  
36 "13," the figure "17,".

37 17. Amend the title, lines 7 through 9, by striking  
38 the words "reducing the deduction for federal taxes  
39 from state corporate taxable income" and inserting  
40 in lieu thereof the words "increasing the state  
41 corporate tax rates".

42 18. Renumber sections and correct internal  
43 references as are necessary in accordance with this  
44 amendment.

S-5115 FILED

FEBRUARY 18, 1982

BY COMMITTEE ON WAYS AND MEANS

ROLF V. CRAFT, CHAIR

A- Adopted as amended by 5117 2/23 (p 478)

B- Adopted 2/22 (p 463)

C- Adopted (p 464)

D- Adopted as amended by 5118 (p 466)

E- Adopted (p 464)

F- Adopted (p 469)

G- Adopted (p 469)

H- Adopted as amended by 5129 (p 464)

I- Adopted (p 464)

S-5120

1 Amend House File 2171 as amended, passed and  
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting  
4 clause and inserting in lieu thereof the following:

5 "Section 1. Section 422.4, subsection 17, Code  
6 1981, as amended by Acts of the Sixty-ninth General  
7 Assembly, 1981 Session, chapter 132, section 2, is  
8 amended to read as follows:

9 17. "Internal Revenue Code of 1954" means the  
10 Internal Revenue Code of 1954, as amended to and  
11 including January 1, ~~1981~~ 1982.

12 Sec. 2. Section 422.5, Code 1981, is amended by  
13 adding the following new unnumbered paragraph:

14 NEW UNNUMBERED PARAGRAPH. In addition to all taxes  
15 imposed under this division, there is imposed upon  
16 every resident and nonresident of this state a state  
17 minimum tax for tax preference equal to twenty-five  
18 percent of the state's apportioned share of the federal  
19 minimum tax. The state's apportioned share of the  
20 federal minimum tax is one hundred percent in the  
21 case of a resident and in the case of a nonresident  
22 a percent equal to the ratio of the federal minimum  
23 tax on preferences attributable to Iowa to the federal  
24 minimum tax on all preferences. The director shall  
25 prescribe rules for the determination of the amount  
26 of the federal minimum tax on preferences attributable  
27 to Iowa which shall be based as much as equitably  
28 possible on the allocation provisions of section  
29 422.8, subsections 2 and 3. For purposes of this  
30 paragraph, "federal minimum tax" means the federal  
31 minimum tax for tax preferences computed under sections  
32 55 through 58 of the Internal Revenue Code of 1954  
33 for the tax year.

34 Sec. 3. Section 422.7, subsection 8, Code 1981,  
35 is amended to read as follows:

36 8. Married taxpayers who file a joint federal  
37 income tax return and who elect to file separate  
38 returns or separate filing on a combined return for  
39 Iowa income tax purposes, may avail themselves of  
40 the additional-first-year-depreciation expensing of  
41 business assets and capital loss provisions of sections  
42 179(a) and 1211(b) respectively of the Internal Revenue  
43 Code of 1954 and shall compute the amount of additional  
44 first-year-depreciation expensing of business assets  
45 and capital loss subject to the limitations for joint  
46 federal income tax return filers provided by sections  
47 179(b) and 1211(b) respectively of the Internal Revenue  
48 Code of 1954.

49 Sec. 4. Section 422.7, Code 1981, is amended by  
50 adding the following new subsection:

6

1 NEW SUBSECTION. Married taxpayers, who file a  
2 joint federal income tax return and who elect to file  
3 separate returns or separate filing on a combined  
4 return for state income tax purposes, may avail  
5 themselves of the dividend exclusion provisions of  
6 section 116(a) of the Internal Revenue Code of 1954  
7 and shall compute the dividend exclusion subject to  
8 the limitations for joint federal income tax return  
9 filers provided by section 116(a) of the Internal  
10 Revenue Code of 1954.

11 Sec. 5. Section 422.7, Code 1981, is amended by  
12 adding the following new subsection:

13 NEW SUBSECTION. The exclusion of interest income  
14 provided by section 128 of the Internal Revenue Code  
15 of 1954 is not applicable in computing Iowa net income  
16 for tax years beginning on or after January 1, 1981  
17 and before January 1, 1984.

18 Sec. 6. Section 422.7, Code 1981, is amended by  
19 adding the following new subsection:

20 NEW SUBSECTION. The deduction for a married couple  
21 where both persons are wage earners which is provided  
22 by section 221 of the Internal Revenue Code of 1954  
23 is not applicable in computing Iowa net income for  
24 tax years beginning on or after January 1, 1982.

25 Sec. 7. Section 422.7, Code 1981, is amended by  
26 adding the following new subsection:

27 NEW SUBSECTION. The deduction for contributions  
28 to an individual retirement account provided by section  
29 219 of the Internal Revenue Code of 1954 is not  
30 applicable in computing Iowa net income for tax years  
31 beginning on or after January 1, 1982. The deduction  
32 for contributions to an individual retirement account  
33 provided by section 219 or 220 of the Internal Revenue  
34 Code of 1954, as amended up to and including January  
35 1, 1981, is allowable in computing Iowa net income  
36 for tax years beginning on or after January 1, 1982.  
37 Distributions or payments from an individual retirement  
38 account shall be included in net income by the payee  
39 or distributee in the tax year received. However,  
40 that portion of the distribution or payment which  
41 has previously been included in Iowa net income under  
42 this subsection shall not be included in the payee  
43 or distributee's Iowa net income in the tax year  
44 received.

45 Sec. 8. Section 422.7, Code 1981, is amended by  
46 adding the following new subsection:

47 NEW SUBSECTION. The deduction for contributions  
48 to a self-employed retirement plan provided by section  
49 404 of the Internal Revenue Code of 1954 is not  
50 applicable in computing Iowa net income for tax years

1 beginning on or after January 1, 1982. The deduction  
2 for contributions to a self-employed retirement plan  
3 provided by section 404 of the Internal Revenue Code  
4 of 1954, as amended up to and including January 1,  
5 1981, is allowable in computing Iowa net income for  
6 tax years beginning on or after January 1, 1982.  
7 Distributions or payments from a self-employed  
8 retirement plan shall be included in net income by  
9 the payee or distributee in the tax year received.  
10 However, that portion of the distribution or payment  
11 which has previously been included in Iowa net income  
12 under this subsection shall not be included in the  
13 payee or distributee's Iowa net income in the tax  
14 year received.

15 Sec. 9. Section 422.7, Code 1981, is amended by  
16 adding the following new subsection:

17 NEW SUBSECTION. The deduction allowed under section  
18 162 (h) of the Internal Revenue Code of 1954 is not  
19 applicable in computing Iowa net income for any tax  
20 year beginning on or before December 31, 1980. The  
21 deduction allowed under section 604 of the tax reform  
22 Act of 1976, as amended up to and including December  
23 31, 1980, is allowable in computing Iowa net income,  
24 for tax years beginning on or before December 31,  
25 1980, under provisions effective for the year for  
26 which the return is made. The deduction allowed under  
27 section 162(h) of the Internal Revenue Code of 1954  
28 is not applicable in computing Iowa net income for  
29 any tax year beginning on or after January 1, 1981.  
30 The deduction allowed under section 604 of the tax  
31 reform Act of 1976, as amended up to and including  
32 December 31, 1980, is allowable in computing Iowa  
33 net income for tax years beginning on or after January  
34 1, 1981. The maximum allowable deduction, other than  
35 for travel expense, shall not exceed the per day  
36 expense of office as allowed under section 2.10,  
37 subsection 1, where the taxpayer elects on the Iowa  
38 return to be governed by section 604 of the tax reform  
39 Act of 1976, as amended up to and including December  
40 31, 1980 and shall not exceed fifty dollars per day  
41 where the taxpayer itemizes expenses.

42 Sec. 10. Section 422.7, Code 1981, is amended  
43 by adding the following new subsection:

44 NEW SUBSECTION. The deduction allowable for  
45 depreciation under section 168 of the Internal Revenue  
46 Code of 1954 is not applicable in computing Iowa net  
47 income.

48 Sec. 11. Section 422.9, subsection 2, Code 1981,  
49 is amended by adding the following new lettered  
50 paragraph:

1 NEW LETTERED PARAGRAPH. Subtract the adoption  
2 deduction permitted under section 222 of the Internal  
3 Revenue Code of 1954.

4 Sec. 12. Section 422.9, subsection 3, paragraphs  
5 b and c, Code 1981, are amended to read as follows:

6 b. The Iowa net operating loss remaining after  
7 being carried back as required in paragraph "a" of  
8 this subsection or if not required to be carried back  
9 shall be carried forward ~~seven~~ fifteen taxable years.

10 c. If the election under section 172(b)(3)(C)  
11 of the Internal Revenue Code of 1954 is made, the  
12 Iowa net operating loss shall be carried forward ~~seven~~  
13 fifteen taxable years.

14 Sec. 13. Section 422.12, Code 1981, is amended  
15 by adding after subsection 2 the following new  
16 subsection:

17 NEW SUBSECTION. A credit of up to one thousand  
18 dollars for each individual recalled, rehired or  
19 initially hired for the taxpayer's trade or business  
20 who meets the following requirements:

21 a. The individual was recalled, rehired or  
22 initially hired by the taxpayer between April 1, 1982  
23 and December 31, 1982.

24 b. The individual was domiciled in this state  
25 on the date the individual was recalled, rehired or  
26 initially hired.

27 c. The individual was employed by the taxpayer  
28 for at least forty-five days after April 1, 1982.

29 d. During the individual's employment, the  
30 individual averaged at least thirty hours of employment  
31 a week for the taxpayer.

32 e. In the case of an individual who was recalled  
33 or rehired, the individual had been laid off for a  
34 reason other than a seasonal layoff, other than a  
35 regular shut-down of or layoff by the taxpayer's trade  
36 or business, or other than for the purpose of taking  
37 advantage of this credit.

38 The taxpayers entitled to one-ninth of the maximum  
39 amount of credit of one thousand dollars per qualified  
40 individual for each full calendar month that the  
41 individual is a member of the taxpayer's work force  
42 during the period beginning April 1, 1982 and ending  
43 on December 31, 1982. If the individual was not a  
44 member of the work force for the entire month, the  
45 taxpayer is entitled to a pro rata portion of the  
46 amount of credit allowed for the month based upon  
47 the number of days in the month the individual was  
48 a member of the work force. If the amount of credit  
49 claimed by the taxpayer exceeds the tax liability  
50 of the taxpayer, the excess shall be refunded to the

S-5120

Page 5

1 taxpayer.

2 Sec. 14. Section 422.32, subsection 4, Code 1981,  
3 as amended by Acts of the Sixty-ninth General Assembly,  
4 1981 Session, chapter 132, section 7, is amended to  
5 read as follows:

6 4. "Internal Revenue Code of 1954" means the  
7 Internal Revenue Code of 1954, as amended to and  
8 including January 1, ~~1981~~ 1982.

9 Sec. 15. Section 422.33, Code 1981, is amended  
10 by adding the following new subsection:

11 NEW SUBSECTION. In addition to all taxes imposed  
12 under this division, there is imposed upon each  
13 corporation doing business within the state a state  
14 minimum tax for tax preference equal to twenty-five  
15 percent of the state's apportioned share of the federal  
16 minimum tax. The state's apportioned share of the  
17 federal minimum tax is a percent equal to the ratio  
18 of the federal minimum tax on preferences attributable  
19 to Iowa to the federal minimum tax on all preferences.  
20 The director shall prescribe rules for the  
21 determination of the amount of the federal minimum  
22 tax on preferences attributable to Iowa which shall  
23 be based as much as equitably possible on the alloca-  
24 tion and apportionment provisions of subsections 1  
25 and 2. For purposes of this subsection, "federal  
26 minimum tax" means the federal minimum tax for tax  
27 preferences computed under sections 55 through 58  
28 of the Internal Revenue Code of 1954 for the tax year.

29 Sec. 16. Section 422.33, Code 1981, is amended  
30 by adding the following new subsection:

31 NEW SUBSECTION. A credit shall be subtracted from  
32 the amount of tax computed under the other provisions  
33 of this section of up to one thousand dollars for  
34 each individual recalled, rehired or initially hired  
35 by the taxpayer who meets the following requirements:

36 a. The individual was recalled, rehired or  
37 initially hired by the taxpayer between April 1, 1982  
38 and December 31, 1982.

39 b. The individual was domiciled in this state  
40 on the date the individual was recalled, rehired or  
41 initially hired.

42 c. The individual was employed by the taxpayer  
43 for at least forty-five days after April 1, 1982.

44 d. During the individual's employment, the  
45 individual averaged at least thirty hours of employment  
46 a week for the taxpayer.

47 e. In the case of an individual who was recalled  
48 or rehired, the individual had been laid off for a  
49 reason other than a seasonal layoff, other than a  
50 regular shut-down of or layoff by the taxpayer, or

1 other than for the purpose of taking advantage of  
2 this credit.

3 The taxpayer's entitled to one-ninth of the maximum  
4 amount of credit of one thousand dollars per qualified  
5 individual for each full calendar month that the  
6 individual is a member of the taxpayer's work force  
7 during the period beginning April 1, 1982 and ending  
8 on December 31, 1982. If the individual was not a  
9 member of the work force for the entire month, the  
10 taxpayer is entitled to a pro rata portion of the  
11 amount of credit allowed for the month based upon  
12 the number of days in the month the individual was  
13 a member of the work force. If the amount of credit  
14 claimed by the taxpayer exceeds the tax liability  
15 of the taxpayer, the excess shall be refunded to the  
16 taxpayer.

17 Sec. 17. Section 422.35, subsection 4, Code 1981,  
18 is amended by striking the subsection and inserting  
19 in lieu thereof the following:

20 4. If the taxpayer's federal taxable income is  
21 fifty thousand dollars or less, the taxpayer shall  
22 subtract fifty percent of the federal income taxes  
23 paid or accrued, as the case may be, during the tax  
24 year, adjusted by any federal income tax refunds;  
25 and add the Iowa income tax deducted in computing  
26 the taxable income. If the taxpayer's federal taxable  
27 income is more than fifty thousand dollars, the  
28 taxpayer shall subtract twenty-five percent of the  
29 federal income taxes paid or accrued, as the case  
30 may be, during the tax year, adjusted by any federal  
31 income tax refunds; and add the Iowa income tax  
32 deducted in computing the taxable income.

33 Sec. 18. Section 422.35, subsection 7, paragraphs  
34 b and c, Code 1981, are amended to read as follows:

35 b. The Iowa net operating loss remaining after  
36 being carried back as required in paragraph "a" of  
37 this subsection or if not required to be carried back  
38 shall be carried forward ~~seven~~ fifteen taxable years.

39 c. If the election under section 172(b)(3)(C)  
40 of the Internal Revenue Code of 1954 is made, the  
41 Iowa net operating loss shall be carried forward ~~seven~~  
42 fifteen taxable years.

43 Sec. 19. Section 422.35, Code 1981, is amended  
44 by adding the following new subsection:

45 NEW SUBSECTION. The deduction allowable for  
46 depreciation under section 168 of the Internal Revenue  
47 Code of 1954 is not applicable in computing Iowa net  
48 income.

49 Sec. 20. Chapter 422, division VI, Code 1981,  
50 is amended by adding the following new section:

S-5120

Page 7

1 NEW SECTION. Notwithstanding any other provision  
2 of law, the department of job service shall provide  
3 the information in its possession which the director  
4 of revenue deems necessary for carrying out the  
5 purposes of sections 13 and 16 of this Act.

6 Sec. 21. Section 427A.9, Code 1981, is amended  
7 by inserting after unnumbered paragraph 2 the following  
8 new unnumbered paragraph:

9 NEW UNNUMBERED PARAGRAPH. Notwithstanding the  
10 provisions of this section which require an increase  
11 in general fund revenues in excess of five and one-  
12 half percent, adjusted for changes in rate or basis,  
13 to increase the personal property tax credit, the  
14 amount of the personal property tax credit, to be  
15 allowed for taxes payable in the fiscal year beginning  
16 July 1, 1982 and ending June 30, 1983 shall be  
17 increased as provided in this section.

18 Sec. 22. Acts of the Sixty-ninth General Assembly,  
19 1981 Session, chapter 132, sections 4 and 5, are  
20 repealed.

21 Sec. 23. Acts of the Sixty-ninth General Assembly,  
22 1981 Session, chapter 147, section 14, is amended  
23 to read as follows:

24 SEC. 14. NEW SECTION. There is imposed upon the  
25 qualified heir an additional inheritance tax if,  
26 within ~~fifteen~~ ten years after the decedent's death  
27 and before the death of the qualified heir, the  
28 qualified heir disposes of, other than to a member  
29 of the family, any interest in qualified real property  
30 for which an election under section 13 of this Act  
31 was made or ceases to use for the qualified use the  
32 qualified real property for which an election under  
33 section 13 of this Act was made as prescribed in  
34 section 2032A(c) of the Internal Revenue Code of 1954.  
35 The additional inheritance tax shall be the amount  
36 computed under ~~sections 15 and~~ section 16 of this  
37 Act and shall be due six months after the date of  
38 the disposition or cessation of qualified use referred  
39 to in this section. The amount of the additional  
40 inheritance tax shall accrue interest at the rate  
41 of ten percent per year from nine months after the  
42 decedent's death to the due date of the tax. The  
43 tax shall be paid to the department of revenue and  
44 shall be deposited into the general fund of the state.  
45 Taxes not paid within the time prescribed in this  
46 section shall draw interest at the rate of ten percent  
47 per annum until paid. There shall not be an additional  
48 inheritance tax if the disposition or cessation occurs  
49 ten years or more after the decedent's death.

50 Sec. 24. Acts of the Sixty-ninth General Assembly,

1 1981 Session, chapter 147, section 15, is repealed.  
2 Sec. 25. Acts of the Sixty-ninth General Assembly,  
3 1981 Session, chapter 147, section 17, is amended  
4 to read as follows:

5 SEC. 17. NEW SECTION. A lien is created in favor  
6 of the state for the additional inheritance tax which  
7 may be imposed by section 14 of this Act on the  
8 qualified real property for which an election has  
9 been made under section 13 of this Act. The lien  
10 created by this section shall continue until the tax  
11 has been paid or ten years after the tax is due,  
12 whichever date occurs first. However, the lien shall  
13 expire ~~fifteen~~ ten years after the decedent's death  
14 if the qualified heir has not disposed of or ceased  
15 to use for the qualified use the qualified real  
16 property which would impose the tax under section  
17 14 of this Act. The department of revenue may release  
18 the lien prior to the payment of the tax due, if any,  
19 if adequate security for payment of the tax is given.

20 Unless the lien has been perfected by recording  
21 in the office of the recorder in the county where  
22 the estate is probated, a transfer of the qualified  
23 real property to a bona fide purchaser for value shall  
24 divest the property of the lien. If the lien is  
25 perfected by recording, the rights of the state under  
26 the lien have priority over all subsequent mortgagees,  
27 purchasers or judgment creditors. The lien may be  
28 foreclosed by the director of revenue in the same  
29 manner as is now prescribed for the foreclosure of  
30 real estate mortgages and upon judgment, execution  
31 shall be issued to sell as much of the property  
32 necessary to satisfy the tax, interest and costs due.

33 Sec. 26. The prohibition in section 422.16,  
34 subsection 11, paragraph e, on the waiver relating  
35 to reasonable cause of the addition to tax for under-  
36 payment of the estimated tax payable shall not apply  
37 with regard to the 1981 tax year to farmers and  
38 fishermen who have elected not to pay estimated taxes  
39 during the 1981 tax year and the director may waive  
40 the addition to tax for underpayment of the estimated  
41 tax payable for the 1981 tax year for reasonable  
42 cause.

43 Sec. 27. Sections 1, 5, 9, 10, 11, 14, 17, and  
44 19 of this Act are retroactive to January 1, 1981  
45 for tax years beginning on or after January 1, 1981.

46 Sec. 28. Sections 2, 3, 4, 6, 7, 8, 13, 15, 16,  
47 20, and 22 of this Act are retroactive to January  
48 1, 1982 for tax years beginning on or after January  
49 1, 1982.

50 Sec. 29. Sections 12 and 18 of this Act are

1 retroactive to January 1, 1976 for losses arising  
2 in tax years ending on or after January 1, 1976.  
3 Sec. 30. Sections 23, 24, and 25 of this Act are  
4 effective July 1, 1982 for estates of individuals  
5 dying on or after July 1, 1982.

6 Sec. 31. This Act, being deemed of immediate  
7 importance, takes effect from and after its publication  
8 in the Charles City Press, a newspaper published in  
9 Charles City, Iowa, and in The Record-Herald and  
10 Indianola Tribune, a newspaper published in Indianola,  
11 Iowa."

12 2. Title page, lines 5 and 6, by striking the  
13 words "the assessment of computers and machinery used  
14 in manufacturing," and inserting in lieu thereof the  
15 words "an income tax credit for the recall, rehiring  
16 or initial hiring of certain individuals,".

S-5120 FILED  
FEBRUARY 19, 1982

A - *Loyle*  
B, C - *w/d 4/22 (p. 463)*

BY WILLIAM D. PALMER  
BOB RUSH  
ARTHUR A. SMALL, JR.  
TED ANDERSON  
BERL E. PRIEBE  
TOM SLATER  
JAMES V. GALLAGHER  
C. JOSEPH COLEMAN  
EMIL J. HUSAK

PATRICK DELUHERY  
LOWELL L. JUNKINS  
C.W. BILL HUTCHINS  
CHARLES P. MILLER  
BOB CARR  
DONALD V. DOYLE  
ALVIN V. MILLER  
JOE BROWN  
JAMES D. WELLS

HOUSE FILE 2171

S-5117

1 Amend the Committee Amendment S-5115 to House  
2 File 2171 as amended, passed and reprinted by the  
3 House as follows:  
4 " 1. Page 2, line 15, by inserting after the word  
5 "computed" the words "and paid or payable".  
6 2. Page 2, lines 16 and 17, by striking the  
7 words "for the tax year" and inserting in lieu thereof  
8 the words ", as amended to and including January 1,  
9 1982."

S-5117 FILED BY MICK LURA  
FEBRUARY 19, 1982

*Adopted 2/23 (7485)*

HOUSE FILE 2171

S-5118

1 Amend the Committee Amendment S-5115 to House File  
2 2171 as amended, passed and reprinted by the House  
3 as follows:  
4 " 1. Page 1, by striking lines 14 and 15 and inserting  
5 in lieu thereof the following:  
6 "6. Page 4, by striking lines 10 through 16 and  
7 inserting in lieu thereof the following: "1981. The  
8 maximum allowable deduction, other than for travel  
9 expense, shall not exceed fifty dollars per day, where  
10 the taxpayer elects on the Iowa return to be governed  
11 by Section 604 of the tax reform Act of 1976, as  
12 amended up to and including December 31, 1980, unless  
13 the taxpayer itemized expenses."

S-5118 FILED

FEBRUARY 19, 1982

*Adopted 2/22 (7466)*

BY RAY TAYLOR  
SUF. YENGER  
JACK W. HESTER  
ELYIE DREESZEN  
RICHARD VANDE HOEF

HOUSE FILE 2171

S-5122

1 Amend House File 2171, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 4, by inserting after line 16 the following  
4 new section:

5 "Sec. 10. Section 422.7, Code 1981, is amended  
6 by adding the following new subsection:  
7 NEW SUBSECTION. The deduction for depreciation  
8 as allowed under section 168 of the Internal Revenue  
9 Code of 1954 is applicable in computing Iowa net  
10 income for tax years beginning on or after January  
11 1, 1982 and ending before January 1, 1984. The  
12 deduction for depreciation for tax years beginning  
13 on or after January 1, 1984 shall be computed under  
14 section 167 of the Internal Revenue Code of 1954,  
15 except that the property depreciated under section  
16 168 of the Internal Revenue Code of 1954 for tax years  
17 beginning on or after January 1, 1982 and ending  
18 before January 1, 1984 shall continue to be depreciated  
19 under section 168 of the Internal Revenue Code of  
20 1954."

21 2. Page 6, by inserting after line 9 the following  
22 new section:

23 "Sec. 16. Section 422.35, Code 1981, is amended  
24 by adding the following new subsection:  
25 NEW SUBSECTION. The deduction for depreciation  
26 as allowed under section 168 of the Internal Revenue  
27 Code of 1954 is applicable in computing Iowa net  
28 income for tax years beginning on or after January  
29 1, 1982 and ending before January 1, 1984. The  
30 deduction for depreciation for tax years beginning  
31 on or after January 1, 1984 shall be computed under  
32 section 167 of the Internal Revenue Code of 1954,  
33 except that the property depreciated under section  
34 168 of the Internal Revenue Code of 1954 for tax years  
35 beginning on or after January 1, 1982 and ending  
36 before January 1, 1984 shall continue to be depreciated  
37 under section 168 of the Internal Revenue Code of  
38 1954."

39 3. Page 11, line 6, by striking the figure "13,"  
40 and inserting in lieu thereof the figures "10, 13,  
41 16,".

42 4. Renumber sections and correct internal  
43 references as are necessary in accordance with this  
44 amendment.

S-5122 FILED  
FEBRUARY 19, 1982  
*Last 2/22 (p. 470)*  
*Motion to reconsider w/lt 2/23*

BY TED ANDERSON	C.W. BILL HUTCHINS
LOWELL L. JUNKINS	CHARLES P. MILLER
JAMES WELLS	DONALD DOYLE
JAMES GALLAGHER	PATRICK J. DELUHERY
TOM SLATER	ALVIN V. MILLER
C. JOSEPH COLEMAN	BOB CARR
BILL PALMER	JOE BROWN
ARTHUR SMALL, JR.	

HOUSE FILE 2171

S-5121

1 Amend House File 2171, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 6, line 25, by inserting after the figure  
4 "1981" the words and figures "and before January 1,  
5 1984".  
6 2. Page 6, line 30, by inserting after the period  
7 the following: "Property granted the special valuation  
8 allowed under this section shall continue to receive  
9 the special valuation on or after January 1, 1984  
10 if the taxpayer continues to own or lease the  
11 property."

S-5121 FILED  
FEBRUARY 19, 1982

*Lost 2/22 (p 468)*

BY TED ANDERSON

LOWELL L. JUNKINS  
JAMES WELLS  
JAMES V. GALLAGHER  
DONALD V. DOYLE  
TOM SLATER  
C. JOSEPH COLEMAN  
WILLIAM D. PALMER  
ARTHUR SMALL, JR.  
JOE BROWN

C. W. BILL HUTCHINS  
CHARLES P. MILLER  
GEORGE R. KINLEY  
BOB RUSH  
PATRICK J. DELUHERY  
ALVIN V. MILLER  
BOB CARR  
EMIL HUSAK  
BASS VAN GILST

HOUSE FILE 2171

S-5123

1 Amend the Committee on Ways and Means amendment,  
2 S-5115, to House File 2171, as amended, passed, and  
3 reprinted by the House, as follows:

4 1. Page 2, by inserting after line 27 the  
5 following:

6 " . . . Page 11, line 2, by inserting after the  
7 word "year" the words and figures "to April 1, 1982"."

S-5123 FILED & WITHDRAWN

BY ROLF V. CRAFT

FEBRUARY 22, 1982 (p. 464)

HOUSE FILE 2171

S-5124

1 Amend House File 2171 as amended, passed and  
2 reprinted by the House, as follows:

3 1. Page 6, by inserting after line 9 the following:

4 "Sec. . . . Chapter 422, division VI, Code 1981,  
5 is amended by adding the following new section:

6 NEW SECTION. Nothing in this chapter shall be  
7 construed to require the Iowa state commerce commission  
8 to allow or require the use of any particular method  
9 of accounting by any public utility to compute its  
10 tax expense, depreciation expense, or operating expense  
11 for purposes of establishing its cost of service for  
12 rate-making purposes and for reflecting operating  
13 results in its regulated books of account."

14 2. Title page, line 10, by inserting after the  
15 word "appropriation," the words "specifying that no  
16 provision of the state income tax law requires the  
17 state commerce commission to allow or require a  
18 particular method of accounting by public utilities,".

S-5124 FILED  
FEBRUARY 22, 1982

ADOPTED (p. 472)

BY ARTHUR A. SMALL, JR.

BOB CARR

TED ANDERSON

TOM SLATER

BOB RUSH

LOWELL L. JUNKINS

BILL HUTCHINS

JAMES D. WELLS

FEBRUARY 23, 1982

## HOUSE FILE 2171

S-5125

1 Amend House File 2171 as amended, passed, and  
2 reprinted by the House as follows:

3 1. Page 5, by striking lines 24 through 35 and  
4 inserting in lieu thereof the following:  
5 "4. If the taxpayer's federal taxable income is  
6 more than fifty thousand dollars, the taxpayer shall  
7 subtract fifty percent of the federal income taxes  
8 paid or accrued during the tax year (adjusted by any  
9 federal income tax refunds) on the first fifty thousand  
10 dollars of federal taxable income and twenty-five  
11 percent of the federal income taxes paid or accrued  
12 during the taxable year (adjusted by any federal income  
13 tax refunds) of the taxpayer's federal taxable income  
14 over fifty thousand dollars and add the Iowa income tax  
15 deducted in computing the taxable income.

16 The Department of Revenue shall adopt rules to  
17 determine the amount of tax attributable under the  
18 provisions of this section."

S-5125 FILED

BY ARTHUR A. SMALL, JR.

FEBRUARY 22, 1982

RULED OUT OF ORDER (p 471)

## HOUSE FILE 2171

S-5126

1 Amend House File 2171 as amended, passed and  
2 reprinted by the House, as follows:

3 1. Page 6, by inserting after line 9 the following  
4 new section:

5 "Sec. 16. Section 422.61, subsection 4, Code 1981,  
6 is amended to read as follows:

7 4. "Net income" means the net income of the  
8 financial institution computed in accordance with  
9 section 422.35, with the exception that interest and  
10 dividends from federal securities shall not be  
11 subtracted, no federal income taxes paid or accrued  
12 shall be subtracted, the Iowa net operating loss under  
13 section 422.35, subsection 7, paragraph a shall be  
14 carried back ten years or to the taxable year in which  
15 the financial institution first commenced doing  
16 business in this state, whichever is later, and  
17 notwithstanding the provisions of sections 262.41  
18 and 262.51 or any other provisions of the law, income  
19 from obligations of the state and its political  
20 subdivisions and any amount of franchise taxes paid  
21 or accrued under this division during the taxable  
22 year shall be added."

23 2. Page 11, line 6, by inserting after the figure  
24 "13," the figure "16,".

25 3. Renumber sections and correct internal  
26 references as are necessary in accordance with this  
27 amendment.

S-5126 FILED

BY MICK LURA

FEBRUARY 22, 1982

7/5 2/23 (p 483)

HOUSE FILE 2171

S-5129

1 Amend Senate amendment, S-5120, to House File 2171,  
2 as amended, passed and reprinted by the House, as  
3 follows:

4 1. Page 4, line 20, by striking the word "who"  
5 and inserting in lieu thereof the words ", if the  
6 trade or business had a work force of twenty or fewer  
7 employees on January 1, 1982 and the individual  
8 recalled, rehired or initially hired".

9 2. Page 5, line 35, by striking the word "who"  
10 and inserting in lieu thereof the words ", if the  
11 taxpayer had a work force of twenty or fewer employees  
12 on January 1, 1982 and the individual recalled, rehired  
13 or initially hired".

S-5129 FILED & LOST

BY RICHARD COMITO

FEBRUARY 22, 1982 (p 453)

HOUSE FILE 2171

S-5130

1 Amend House File 2171 as amended, passed and  
2 reprinted by the House, as follows:

3 1. Page 4, by inserting after line 16 the  
4 following:

5 "Sec. 40. Section 422.7, Code 1981, is amended  
6 by adding the following new subsection:

7 NEW SUBSECTION. The deduction allowable for  
8 depreciation on recovery property under section 168  
9 of the Internal Revenue Code of 1954 is applicable  
10 only on recovery property located within this state.  
11 The director shall establish criteria for determining  
12 what recovery property is located within the state  
13 and for what length of time."

14 2. Page 6, by inserting after line 9 the following:

15 "Sec. 50. Section 422.35, Code 1981, is amended  
16 by adding the following new subsection:

17 NEW SUBSECTION. The deduction allowable for  
18 depreciation on recovery property under section 168  
19 of the Internal Revenue Code of 1954 is applicable  
20 only on recovery property located within this state.  
21 The director shall establish criteria for determining  
22 what recovery property is located within the state  
23 and for what length of time."

24 3. Page 11, line 3, by striking the word and  
25 figure "and 14" and inserting in lieu thereof the  
26 word and figures "14, 40, and 50".

S-5130 FILED

BY ARTHUR A. SMALL, JR.

FEBRUARY 22, 1982

LOST (p 471)

HOUSE FILE 2171

S-5127

- 1 Amend House File 2171, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 4, by inserting after line 16 the following
- 4 new section:
- 5 "Sec. 10. Section 422.7, Code 1981, is amended
- 6 by adding the following new subsection:
- 7 NEW SUBSECTION. Add the amount of windfall profits
- 8 tax deducted under section 164(a) of the Internal
- 9 Revenue Code of 1954."
- 10 2. Page 6, by inserting after line 9 the following
- 11 new section:
- 12 "Sec. 16. Section 422.35, Code 1981, is amended
- 13 by adding the following new subsection:
- 14 NEW SUBSECTION. Add the amount of windfall profits
- 15 tax deducted under section 164(a) of the Internal
- 16 Revenue Code of 1954."
- 17 3. Page 11, line 3, by striking the word and
- 18 figures "12, and 14" and inserting in lieu thereof
- 19 the word and figures "10, 12, 14, and 16".
- 20 4. Amend the title, line 5, by inserting after
- 21 the word "Code," the words "disallowing the deduction
- 22 of windfall profits taxes in computing state income
- 23 taxes,".
- 24 5. Renumber sections and correct internal
- 25 references as are necessary in accordance with this
- 26 amendment.

S-5127 FILED  
FEBRUARY 22, 1982  
WITHDRAWN (p. 470)

BY DAVID M. READINGER  
JOHN S. MURRAY

HOUSE FILE 2171

S-5128

- 1 Amend the Committee on Ways and Means amendment,
- 2 S-5115, to House File 2171, as amended, passed, and
- 3 reprinted by the House, as follows:
- 4 1. Page 2, by inserting after line 27 the
- 5 following:
- 6 "\_\_\_\_. Page 11, line 2, by inserting after the
- 7 word "year" the words and figures "to March 31, 1982"."

S-5128 FILED  
FEBRUARY 22, 1982  
ADOPTED (p. 464)

BY EDGAR H. HOLDEN

S-5133

1 Amend House File 2171 as amended, passed and  
2 reprinted by the House, as follows:

3 1. Page 1, by inserting before line 1 the  
4 following:

5 "Section 1. Section 96.11, Code 1981, is amended  
6 by adding the following new subsection:

7 NEW SUBSECTION. The department of job service  
8 shall provide on forms approved by the department  
9 of revenue a letter of certification that the  
10 individual named on that letter has received  
11 unemployment compensation from this state for at least  
12 six consecutive weeks and that the hiring of the named  
13 individual may qualify the employer to receive an  
14 income tax credit under section 40 or 50 of this Act.  
15 This letter of certification shall be sent or presented  
16 to the individual named on that letter at the time  
17 that individual receives his or her unemployment  
18 compensation check for the sixth consecutive week."

19 2. Page 4, by inserting after line 30 the  
20 following:

21 "Sec. 40. Section 422.12, Code 1981, is amended  
22 by adding the following subsection:

23 NEW SUBSECTION. A credit for hiring during the  
24 tax year an individual who was domiciled in this state  
25 on the date of employment and was a member of a  
26 targeted group specified in section 51(d) of the  
27 Internal Revenue Code of 1954 or was receiving  
28 unemployment compensation from this state for a period  
29 of at least six consecutive weeks and was hired by  
30 a taxpayer other than the individual's previous  
31 employer. The amount of the credit is equal to twenty-  
32 five percent of the amount computed as provided in  
33 section 51 of the Internal Revenue Code of 1954."

34 3. Page 5, by inserting after line 20 the  
35 following:

36 "Sec. 50. Section 422.33, Code 1981, is amended  
37 by adding the following new subsection:

38 NEW SUBSECTION. A credit for hiring during the  
39 tax year an individual who was domiciled in this state  
40 on the date of employment and was a member of a  
41 targeted group specified in section 51(d) of the  
42 Internal Revenue Code of 1954 or was receiving  
43 unemployment compensation from this state for a period  
44 of at least six consecutive weeks and was hired by  
45 a taxpayer other than the individual's previous  
46 employer. The amount of the credit is equal to twenty-  
47 five percent of the amount computed as provided in  
48 section 51 of the Internal Revenue Code of 1954."

49 4. Page 11, line 6, by striking the word and  
50 figure "and 23" and inserting in lieu thereof the

S-5133  
Page 2

- 1 word and figures "23, 40, and 50".
- 2 5. Title page, line 10, by inserting after the
- 3 word "appropriation," the words "providing an income
- 4 tax credit for hiring certain individuals,".
- 5 6. By numbering, renumbering and correcting
- 6 internal references as necessary.

S-5133 FILED  
FEBRUARY 22, 1982  
LOST (p 470)

BY ARTHUR A. SMALL, JR.

HOUSE FILE 2171

S-5131

- 1 Amend House File 2171, as amended, passed and
- 2 reprinted by the House, as follows:
- 3 1. By striking page 6, line 21 through page 9,
- 4 line 6.
- 5 2. Page 11, by striking lines 12 through 14.
- 6 3. Amend the title, lines 5 and 6, by striking
- 7 the words "providing for the assessment of computers
- 8 and machinery used in manufacturing,".
- 9 4. Renumber sections and correct internal
- 10 references as are necessary in accordance with this
- 11 amendment.

S-5131 FILED & LOST  
FEBRUARY 22, 1982 (p. 465)

BY BOB RUSH

HOUSE FILE 2171

S-5132

- 1 Amend the Committee on Ways and Means amendment,
- 2 S-5115, to House File 2171, as amended, passed and
- 3 reprinted by the House, as follows:
- 4 1. Page 1, by striking lines 3 through 10 and
- 5 inserting in lieu thereof the following:
- 6 " Page 1, by striking lines 7 through 25."
- 7 2. Page 1, by inserting after line 25 the
- 8 following:
- 9 " Page 5, by striking lines 3 through 20."
- 10 3. By striking page 1, line 45 through page 2,
- 11 line 17.

S-5132 FILED  
FEBRUARY 22, 1982  
Lost 2/23 (p 482)

BY DICK RAMSEY

BERL E. PRIEBE  
BASS VAN GILST  
JAMES BRILES

MICK LURA  
ELVIE DREESZEN  
RICHARD VANDE HOEF

HOUSE FILE 2171

S-5135

1 Amend House File 2171 as amended, passed and  
2 reprinted by the House, as follows:

3 1. By striking page 6, line 21 through page 8,  
4 line 20 and inserting in lieu thereof the following  
5 new section:

6 "Sec. \_\_\_\_ . NEW SECTION. A taxpayer who owned  
7 or leased property defined in section 427A.1,  
8 subsection 1, paragraphs e and j, prior to January  
9 1, 1982, shall receive a credit against the assessed  
10 value of the property if the taxpayer increased the  
11 number of employees in the assessor jurisdiction in  
12 which the property is located.

13 The credit against the assessed value of the  
14 property shall be equal to ten percent of the increase  
15 in the actual wages paid to the taxpayer's employees.  
16 The amount of the increases in wages paid shall be  
17 equal to the difference between the wages paid which  
18 are attributable to an increase in employment during  
19 the preceding fiscal year beginning July 1 and ending  
20 June 30 and the average wages paid during the fiscal  
21 year preceding that fiscal year, as certified to the  
22 department of revenue. In determining the credit,  
23 wage adjustments which include raises and cost-of-  
24 living increases shall not be included.

25 The credit shall be allowed in each succeeding  
26 year in which the employment level is maintained.  
27 If the employment level upon which the original credit  
28 is granted increases, the amount of the credit shall  
29 be increased.

30 The claim for credit shall be filed annually on  
31 or after July 1 and not later than September 30 with  
32 the department of revenue. The department shall  
33 prescribe the information which the taxpayer shall  
34 submit with the claim for credit to determine the  
35 amount of the credit.

36 Not later than January 1, the department shall  
37 certify to the county auditor the amount of credit  
38 a taxpayer shall receive under this section. The  
39 credit shall be allowed against the valuations for  
40 the preceding year in order to allow the taxpayer  
41 to receive the credit against the taxpayer's valuations  
42 for determining property taxes due for the fiscal  
43 year beginning July 1.

44 The amount of credit granted to a taxpayer shall  
45 not exceed the taxpayer's valuation of property defined  
46 in section 427A.1, subsection 1, paragraphs e and  
47 j, acquired prior to January 1, 1982.

48 On or before July 1, the county auditor shall  
49 prepare a statement listing for each taxing  
50 jurisdiction in the county the amount of the exempt

1 value allowed under this section and the tax levy  
2 rate levied against the valuation and certify and  
3 forward one copy of the statement to the state  
4 comptroller. The amount of the credit shall be paid  
5 as provided in section 20 of this Act from funds  
6 appropriated under section 21 of this Act."

7 2. Renumber sections and correct internal  
8 references as are necessary in accordance with this  
9 amendment.

S-5135 FILED

BY PATRICK DELUHERY

FEBRUARY 22, 1982

GARY L. BAUGHER

LOST, AS AMENDED (p 467)

HOUSE FILE 2171

S-5136

1 Amend the Committee on Ways and Means amendment,  
2 S-5115, to House File 2171, as amended, passed and  
3 reprinted by the House, as follows:

4 1. Page 1, by striking lines 28 through 34 and  
5 inserting in lieu thereof the following:

6 "Sec. 14. Section 422.35, subsection 4, Code 1981,  
7 is amended by striking the subsection and inserting  
8 in lieu thereof the following:

9 4. If the taxpayer's federal taxable income is  
10 fifty thousand dollars or less, the taxpayer shall  
11 subtract fifty percent of the federal income taxes  
12 paid or accrued, as the case may be, during the tax  
13 year, adjusted by any federal income tax refunds;  
14 and add the Iowa income tax deducted in computing  
15 the taxable income. If the taxpayer's federal taxable  
16 income is more than fifty thousand dollars and seventy-  
17 five thousand dollars or less, the taxpayer shall  
18 subtract twenty-five percent of the federal income  
19 taxes paid or accrued, as the case may be, during  
20 the tax year, adjusted by any federal income tax  
21 refunds; and add the Iowa income tax deducted in  
22 computing the taxable income.

23 If the taxpayer's federal taxable income is more  
24 than seventy-five thousand dollars and one hundred  
25 thousand dollars or less, the taxpayer shall subtract  
26 twenty percent of the federal income taxes paid or  
27 accrued, as the case may be, during the tax year,  
28 adjusted by any federal income tax refunds; and add  
29 the Iowa income tax deducted in computing the taxable  
30 income. If the taxpayer's federal taxable income  
31 is more than one hundred thousand dollars, the taxpayer  
32 shall subtract fifteen percent of the federal income  
33 taxes paid or accrued, as the case may be, during  
34 the tax year, adjusted by any federal income tax  
35 refunds; and add the Iowa income tax deducted in  
36 computing the taxable income."

S-5136 FILED & WITHDRAWN

BY RICHARD COMITO

FEBRUARY 22, 1982 (p 469)

HOUSE FILE 2171

S-5139

1 Amend the Committee on Ways and Means amendment,  
2 S-5115, to House File 2171, as amended, passed and  
3 reprinted by the House, as follows:

4 1. Page 1, by striking lines 28 through 34 and  
5 inserting in lieu thereof the following:

6 "Sec. 14. Section 422.35, subsection 4, Code 1981,  
7 is amended by striking the subsection and inserting  
8 in lieu thereof the following:

9 4. If the taxpayer's federal taxable income is  
10 fifty thousand dollars or less, the taxpayer shall  
11 subtract fifty percent of the federal income taxes  
12 paid or accrued, as the case may be, during the tax  
13 year, adjusted by any federal income tax refunds;  
14 and add the Iowa income tax deducted in computing  
15 the taxable income. If the taxpayer's federal taxable  
16 income is more than fifty thousand dollars and seventy-  
17 five thousand dollars or less, the taxpayer shall  
18 subtract thirty-seven and one-half percent of the  
19 federal income taxes paid or accrued, as the case  
20 may be, during the tax year, adjusted by any federal  
21 income tax refunds; and add the Iowa income tax  
22 deducted in computing the taxable income.

23 If the taxpayer's federal taxable income is more  
24 than seventy-five thousand dollars and one hundred  
25 thousand dollars or less, the taxpayer shall subtract  
26 twenty-five percent of the federal income taxes paid  
27 or accrued, as the case may be, during the tax year,  
28 adjusted by any federal income tax refunds; and add  
29 the Iowa income tax deducted in computing the taxable  
30 income. If the taxpayer's federal taxable income  
31 is more than one hundred thousand dollars, the taxpayer  
32 shall subtract twenty percent of the federal income  
33 taxes paid or accrued, as the case may be, during  
34 the tax year, adjusted by any federal income tax  
35 refunds; and add the Iowa income tax deducted in  
36 computing the taxable income."

S-5139 FILED & LOST  
FEBRUARY 22, 1982 (p. 469)

BY RICHARD COMITO

HOUSE FILE 2171

S-5137

1 Amend House File 2171, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 6, line 24, by striking the word "acquired"  
4 and inserting in lieu thereof the words "which is  
5 manufactured by a person who has manufacturing  
6 facilities in this state and is acquired".

S-5137 FILED & LOST  
FEBRUARY 22, 1982 (p 468)

BY RICHARD COMITO  
ROBERT M. CARR

HOUSE FILE 2171

S-5138

1 Amend House File 2171, as amended, passed and  
2 reprinted by the House, as follows:  
3 1. Page 6, line 24, by striking the words  
4 "paragraphs e and j" and inserting in lieu thereof  
5 the words "paragraph e".  
6 2. Page 8, lines 7 and 8, by striking the words  
7 "paragraphs e and j" and inserting in lieu thereof  
8 the words "paragraph e".  
9 3. Page 9, line 4, by striking the words  
10 "paragraphs e and j" and inserting in lieu thereof  
11 the words "paragraph e".

S-5138 FILED & WITHDRAWN  
FEBRUARY 22, 1982 (p 469)

BY RICHARD COMITO

HOUSE FILE 2171

S-5140

1 Amend the Deluhery amendment, S-5135, to House  
2 File 2171, as amended, passed, and reprinted by the  
3 House, as follows:  
4 1. Page 1, by inserting after line 15 the words  
5 "A taxpayer's employee shall not include any person  
6 related to the taxpayer within the second degree of  
7 consanguinity or affinity. If the taxpayer is a  
8 corporation, the taxpayer's employee shall not include  
9 any person related to the taxpayer's officers within  
10 the second degree of consanguinity or affinity."

S-5140 FILED & ADOPTED  
FEBRUARY 22, 1982 (p 467)

BY PATRICK DELUHERY

HOUSE FILE 2171

S-5144

1 Amend the Committee on Ways and Means amendment,  
2 S-5115, to House File 2171, as amended, passed, and  
3 reprinted by the House, as follows:  
4 1. Page 2, by inserting after line 36 the  
5 following:  
6 "\_\_\_\_". Page 11, line 6, by striking the figure  
7 "2,".  
8 "\_\_\_\_". Page 11, line 6, by striking the figure  
9 "13,".  
10 "\_\_\_\_". Page 11, by inserting after line 17 the  
11 following new section:  
12 "Sec. \_\_\_\_ Sections 2, 13, and 17 of this Act  
13 shall take effect January 1, 1984 for tax years  
14 beginning on or after that date."

S-5144 FILED & LOST

BY NORMAN RODGERS

FEBRUARY 23, 1982 (p. 487)

HOUSE FILE 2171

S-5145

1 Amend House File 2171 as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 1, line 25, by inserting after the word  
4 "year" the words "less the amount of the alternative  
5 minimum tax under section 55 of the Internal Revenue  
6 Code of 1954".  
7 2. Page 5, line 19, by striking the word  
8 "preferences" and inserting in lieu thereof, the words  
9 "preference items not including capital gains".

S-5145 FILED & LOST

BY BASS VAN GILST

FEBRUARY 23, 1982

Law 2/23 (p. 484)

S-5143

1 Amend House File 2171, as amended, passed and  
2 reprinted by the House, as follows:

3 1. Page 6, line 26, by striking the words "limited  
4 to thirty" and inserting in lieu thereof the words  
5 "one hundred".

6 2. Page 6, line 27, by inserting after the period  
7 the words "The owner of the property shall file a  
8 claim for reimbursement for taxes paid on the property  
9 in the fiscal year in which the owner pays the taxes  
10 on the property in the manner provided in sections  
11 18 to 22 of this Act."

12 3. By striking page 7, line 34 through page 8,  
13 line 1, and inserting in lieu thereof the words  
14 "property specified in section 18 of this Act and  
15 report the values to the".

16 4. Page 8, by striking lines 14 through 17 and  
17 inserting in lieu thereof the following:

18 "3. The assessed value of property defined in  
19 section 427A.1, subsection 1, paragraphs e and j for  
20 which the taxpayer may file a claim for reimbursement  
21 with the department of revenue if the taxpayer is  
22 eligible to file a claim."

23 5. Page 8, line 19, by striking the words "state  
24 comptroller" and inserting in lieu thereof the words  
25 "director of revenue".

26 6. Page 8, by striking lines 21 through 33 and  
27 inserting in lieu thereof the following:

28 "Sec. 20. NEW SECTION. A taxpayer entitled to  
29 reimbursement shall file a claim with the department.  
30 The amount of the reimbursement shall be computed  
31 by multiplying the tax levy rate times the value of  
32 the property upon which reimbursement is to be paid.  
33 To claim reimbursement, the owner of the property  
34 shall file a claim with the department of revenue  
35 not later than December 31 of the fiscal year in which  
36 the property is subject to tax. The claim shall be  
37 filed on forms prescribed by the director of revenue."

38 7. Page 8, line 35, by striking the words "state  
39 comptroller" and inserting in lieu thereof the words  
40 "department of revenue".

S-5143 FILED & WITHDRAWN  
FEBRUARY 23, 1982 (p. 486)

BY BILL HUTCHINS

HOUSE FILE 2171

S-5147

- 1 Amend House File 2171 as amended, passed and
- 2 reprinted by the House as follows:
- 3 1. Page 6, by inserting after line 9 the following:
- 4 "Sec. 16. Section 422.35, Code 1981, is amended
- 5 by adding the following new subsection:
- 6 NEW SUBSECTION. The deduction allowable for
- 7 depreciation on property used in a trade or business
- 8 or held for the production of income under the
- 9 accelerated cost recovery system of the Internal
- 10 Revenue Code of 1954 is applicable only on such
- 11 property if located within this state."
- 12 2. Page 11, line 3, by striking the word and
- 13 figure "and 14" and inserting in lieu thereof the
- 14 word and figures "14, and 16".
- 15 3. By renumbering and correcting internal
- 16 references as necessary.

S-5147 FILED & LOST

BY ARTHUR A. SMALL, JR.

FEBRUARY 23, 1982 (p. 488)

HOUSE FILE 2171

S-5149

- 1 Amend the Committee amendment S-5115 to House
- 2 File 2171 as amended, passed and reprinted by the
- 3 House as follows:
- 4 1. Page 1, by inserting after line 10 the following:
- 5 "\_\_\_\_\_ Page 1, line 22 by inserting after the
- 6 period the words "For any taxpayer who is a natural
- 7 person, the alternative minimum tax shall not apply
- 8 to capital gains realized from the involuntary sale
- 9 of a capital asset.""

S-5149 FILED & LOST

BY DICK RAMSEY

FEBRUARY 23, 1982 (p. 485)

HOUSE FILE 2171

S-5148

- 1 Amend House file 2171 as amended, passed and
- 2 reprinted by the House as follows:
- 3 1. Page 2, by striking lines 15 through 20.
- 4 2. Renumber sections and correct internal
- 5 references as are necessary in accordance with this
- 6 amendment.

S-5148 FILED & LOST

BY MICK LURA

FEBRUARY 23, 1982 (p. 486)

HOUSE FILE 2171

S-5146

1 Amend House File 2171, as amended, passed and  
2 reprinted by the House, as follows:

3 1. Page 6, line 26, by striking the words "limited  
4 to thirty" and inserting in lieu thereof the words  
5 "one hundred".

6 2. Page 6, line 27, by inserting after the period  
7 the words "The owner of the property shall file a  
8 claim for reimbursement for taxes paid on the property  
9 in the fiscal year in which the owner pays the taxes  
0 on the property in the manner provided in sections  
1 18 to 22 of this Act."

2 3. By striking page 7, line 34 through page 8,  
3 line 1, and inserting in lieu thereof the words  
4 "property specified in section 18 of this Act and  
5 report the values to the".

6 4. Page 8, by striking lines 14 through 17 and  
7 inserting in lieu thereof the following:

8 "3. The assessed value of property defined in  
9 section 427A.1, subsection 1, paragraphs e and j for  
0 which the taxpayer may file a claim for reimbursement  
1 with the department of revenue if the taxpayer is  
2 eligible to file a claim."

3 5. Page 8, line 19, by striking the words "state  
4 comptroller" and inserting in lieu thereof the words  
5 "director of revenue".

6 6. Page 8, by striking lines 21 through 33 and  
7 inserting in lieu thereof the following:

8 "Sec. 20. NEW SECTION. A taxpayer entitled to  
9 reimbursement shall file a claim with the department.  
0 The amount of the reimbursement shall be computed  
1 by multiplying the tax levy rate times the remainder  
2 of the value of the property in excess of thirty  
3 percent of the net acquisition cost and upon which  
4 reimbursement is to be paid. To claim reimbursement,  
5 the owner of the property shall file a claim with  
6 the department of revenue not later than December  
7 31 of the fiscal year in which the property is subject  
8 to tax. The claim shall be filed on forms prescribed  
9 by the director of revenue."

0 7. Page 8, line 35, by striking the words "state  
1 comptroller" and inserting in lieu thereof the words  
2 "department of revenue".

S-5146 FILED & LOST

FEBRUARY 23, 1982 (p. 487)

BY BILL HUTCHINS

FISCAL NOTE

House File 2171 as amended by H5237

Requested by Rep. Schneklath

February 24, 1982

In compliance with a written request there is hereby submitted a Fiscal Note for H.F. 2171 pursuant to Joint Rule 16.

HF2171 as amended by H5237 includes the following provisions:

For both corporations and individuals, expand the existing provisions of the minimum tax on preference items to include estates, trusts, and financial institutions.

- fiscal effect: FY '82 - none  
FY '83 - no effect, as previous estimate was calculated from federal aggregate figures which already included these additions.

Allows the exclusion of contributions to individual retirement accounts to match federal provisions which include participants in a current retirement plan and increase maximum contributions to 100% of wages up to \$2,000.

- fiscal effect: FY '82 - minimal decrease  
FY '83 - \$5.15 million decrease

Allows the exclusion of contributions to self-employment retirement plans to match federal provisions which allow self-employed individuals to participate in a Keogh plan and an Individual Retirement Plan with a maximum contribution to the Keoghs of \$15,000.

- fiscal effect: FY '82 - minimal decrease  
FY '83 - \$ .50 million decrease

Strikes Section 9 of HF2171 providing for a minimum deduction of \$30 per day for non-itemized state legislators' expenses up to a maximum of \$50 per day for itemized returns with no distance requirements for taxpayers. Provides for a maximum allowable deduction of \$50 per day for taxpayers living outside of Polk County unless the taxpayer itemizes expenses. Those taxpayers living within Polk County must itemize expenses for purposes of receiving this deduction.

- fiscal effect: FY '82 - very minimal increase  
FY '83 - very minimal increase

Does not allow the deduction under federal law resulting from the treatment provided for sale-leaseback ("safe harbor") agreements to the extent that the amounts deducted are not otherwise deductible under the other provisions of the Internal Revenue Code of 1954. This provision does not allow "in place" machinery (machinery already being used) to be leased back. Effective for tax years ending on or before January 1, 1981.

- fiscal effect: FY '82 - none  
FY '83 - \$2.25 million increase\*

Strikes Section 14 of HF2171 reducing from 50% to 25% the allowable percent which corporations with federal taxable income over \$50,000 may deduct when computing net income for Iowa tax purposes. Provides for an increase from 10% to 12% in the

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\*The reliability of this estimate is less than others included in the fiscal note.

corporate tax schedule for those corporations with an Iowa taxable income greater than \$250,000.

- fiscal effect: FY '82 - \$ .95 million increase  
FY '83 - \$4.25 million increase

Provides that the Iowa State Commerce Commission is not required to allow or require accounting methods used by public utilities to compute tax expenses, depreciation expenses, or operating expenses for purposes of establishing service costs for rate making purposes.

- fiscal effect: FY '82 - none  
FY '83 - none

Strikes that area of Section 20 in HF2171 relating to reimbursement of the amounts equal to the machinery and computer tax replacement claims, providing that if sufficient funds are not appropriated in full that the state comptroller shall prorate the appropriation among the county treasurers and the date of notification of such prorated percentages.


- fiscal effect: FY '82 - none  
FY '83 - none

Removes the prohibition on the waver relating to reasonable cause of the addition to tax for underpayment of the estimated tax payable for the 1981 tax year for farmers and fishermen who have elected not to pay estimated taxes during the 1981 tax year, allowing payment to March 31, 1982 with no penalty.

- fiscal effect: FY '82 - \$ .45 million decrease  
FY '83 - none

SUMMARY:

	<u>FY '82</u>	<u>FY '83</u>
TOTAL EFFECT OF HF2171 (As Amended and Passed by the House)	<u>\$ 8.25 million</u> decrease	<u>\$ 2.15 million</u> increase
<u>Provisions of HF2171 as Amended by H5237</u>	<u>FY '82</u>	<u>FY '83</u>
Minimum Tax for Tax Preferences	none	none
Individual Retirement Accounts	minimal decrease	\$ 5.15 million decrease
Self-employment Retirement Plans	minimal decrease	\$ .50 million decrease
State Legislators Expenses	very minimal decrease	very minimal decrease
Exclusion of Sale-Leaseback	none	\$ 2.25 million increase
Removal of 25%/50% Allowable Deduction...Increase in Corporate Tax Rate	\$ .95 million increase	\$ 4.25 million increase
State Commerce Commission Provisions	none	none
Removal of Prorating Provision	none	none
Waver for Farmers and Fishermen	\$ .45 million decrease	none
TOTAL	<u>\$ .50 million</u> increase	<u>\$ .85 million</u> increase
	<u>FY '82</u>	<u>FY '83</u>
Total Effect of HF2171 (as amended and passed by the House) and H5237	<u>\$ 7.75 million</u> decrease	<u>\$ 3.00 million</u> increase

  
 \_\_\_\_\_  
 FISCAL DIRECTOR  
 Legislative Fiscal Bureau

SENATE AMENDMENT TO  
HOUSE FILE 2171

H-5237

1 Amend House File 2171 as amended, passed and  
2 reprinted by the House as follows:

3 1. Page 1, line 11, by inserting after the word  
4 "nonresident" the words ", including resident and  
5 nonresident estates and trusts,".

6 2. Page 1, line 12, by inserting after the word  
7 "preference" the word "items".

8 3. Page 1, line 20, by striking the word  
9 "preferences" and inserting in lieu thereof the word  
10 "preference items".

11 4. By striking page 2, line 28 through page 3,  
12 line 10.

13 5. Page 3, by striking lines 11 through 27.

14 6. Page 4, by striking lines 10 through 16 and  
15 inserting in lieu thereof the following: "1981.  
16 The maximum allowable deduction, other than for travel  
17 expense, shall not exceed fifty dollars per day, where  
18 the taxpayer elects on the Iowa return to be governed  
19 by Section 604 of the tax reform Act of 1976, as  
20 amended up to and including December 31, 1980, unless  
21 the taxpayer itemized expenses."

22 7. Page 4, by inserting after line 16 the following  
23 new section:

24 "Sec. 10. Section 422.7, Code 1981, is amended  
25 by adding the following new subsection:

26 NEW SUBSECTION. Add the amounts deducted as a  
27 result of the treatment provided sale-leaseback  
28 agreements under section 168(f)(8) of the Internal  
29 Revenue Code of 1954 to the extent that the amounts  
30 deducted are not otherwise deductible under the  
31 provisions of the Internal Revenue Code of 1954."

32 8. Page 5, by striking lines 21 through 35 and  
33 inserting in lieu thereof the following new section:

34 "Sec. 14. Section 422.33, unnumbered paragraph  
35 4, Code 1981, is amended to read as follows:

36 On taxable income ~~of~~ between one hundred thousand  
37 dollars ~~or more~~ and two hundred fifty thousand dollars  
38 or any part thereof, the rate of ten percent.

39 On taxable income of two hundred fifty thousand  
40 dollars or more, the rate of twelve percent."

41 9. Page 6, by inserting after line 9 the following  
42 new section:

43 "Sec. 16. Section 422.35, Code 1981, is amended  
44 by adding the following new subsection:

45 NEW SUBSECTION. Add the amounts deducted as a  
46 result of the treatment provided sale-leaseback  
47 agreements under section 168(f)(8) of the Internal  
48 Revenue Code of 1954 to the extent that the amounts  
49 deducted are not otherwise deductible under the other  
50 provisions of the Internal Revenue Code of 1954."

- 1 10. Page 6, by inserting after line 9 the following  
2 new section:  
3 "Sec. 17. Section 422.60, Code 1981, is amended  
4 by adding the following new unnumbered paragraph:  
5 NEW UNNUMBERED PARAGRAPH. In addition to all taxes  
6 imposed under this division, there is imposed upon  
7 each financial institution doing business within the  
8 state a state minimum tax for tax preference items  
9 equal to twenty-five percent of the state's apportioned  
10 share of the federal minimum tax. The state's  
11 apportioned share of the federal minimum tax is a  
12 percent equal to the ratio of the federal minimum  
13 tax on preferences attributable to Iowa to the federal  
14 minimum tax on all preferences. The director shall  
15 prescribe rules for the determination of the amount  
16 of the federal minimum tax on preferences attributable  
17 to Iowa which shall be based as much as equitably  
18 possible on the allocation and apportionment provisions  
19 of section 422.63. For purposes of this subsection,  
20 "federal minimum tax" means the federal minimum tax  
21 for tax preferences computed and paid or payable under  
22 sections 55 through 58 of the Internal Revenue Code  
23 of 1954, as amended to and including January 1, 1982."  
24 11. Page 6, by inserting after line 9 the  
25 following:  
26 "Sec. \_\_\_\_\_. Chapter 422, division VI, Code 1981,  
27 is amended by adding the following new section:  
28 NEW SECTION. Nothing in this chapter shall be  
29 construed to require the Iowa state commerce commission  
30 to allow or require the use of any particular method  
31 of accounting by any public utility to compute its  
32 tax expense, depreciation expense, or operating expense  
33 for purposes of establishing its cost of service for  
34 rate-making purposes and for reflecting operating  
35 results in its regulated books of account."  
36 12. Page 8, lines 26 through 31, by striking the  
37 words ", provided that if sufficient funds are not  
38 appropriated to pay in full the amounts certified  
39 to the state comptroller pursuant to section 19 of  
40 this Act, the state comptroller shall prorate the  
41 appropriation among the county treasurers and notify  
42 the county treasurers of the prorate percentage on  
43 or before September 1".  
44 13. Page 10, line 35, by striking the word "may"  
45 and inserting in lieu thereof the word "shall".  
46 14. Page 11, line 2, by inserting after the word  
47 "year" the words and figures "to March 31, 1982".  
48 15. Page 11, line 3, by striking the figure "4,"  
49 and inserting in lieu thereof the figure "5,".  
50 16. Page 11, line 3, by striking the word and

1 figures "12, and 14" and inserting in lieu thereof  
2 the word and figures "10, 12, 14, and 16".

3 17. Page 11, line 6, by striking the figure "5,"  
4 and inserting in lieu thereof the figure "4,".

5 18. Page 11, line 6, by inserting after the figure  
6 "13," the figure "17,".

7 19. Amend the title, lines 7 through 9, by striking  
8 the words "reducing the deduction for federal taxes  
9 from state corporate taxable income" and inserting  
10 in lieu thereof the words "increasing the state  
11 corporate tax rates".

12 20. Title page, line 10, by inserting after the  
13 word "appropriation," the words "specifying that no  
14 provision of the state income tax law requires the  
15 state commerce commission to allow or require a  
16 particular method of accounting by public utilities,".

17 21. Renumber sections and correct internal  
18 references as are necessary in accordance with this  
19 amendment.

H-5237 FILED FEBRUARY 23, 1982

RECEIVED FROM THE SENATE

*House received 2/25 (p 558)*

HOUSE FILE 2171

H-5244

1 Amend the Senate amendment, H-5237, to House File  
2 2171 as amended, passed and reprinted by the the  
3 House, as follows:

4 1. Page 1, by inserting after line 31 the  
5 following:

6 "\_\_\_\_\_. Page 4, by inserting after line 30 the  
7 following new section:

8 "Sec. 40. Section 422.12, Code 1981, is amended  
9 by inserting after subsection 2 the following new  
10 subsection:

11 NEW SUBSECTION. A credit equal to ten percent  
12 of the qualified wages paid to qualified employees  
13 by the taxpayer during the tax year. However, the  
14 credit shall not exceed ten percent of the wages paid  
15 to an equal number of the lowest paid employees or  
16 the amount of the total increase in wages paid by  
17 the taxpayer during the tax year, over the previous  
18 tax year. As used in this subsection, unless the  
19 context otherwise requires:

20 a. "Qualified wages" means that amount of wages  
21 paid to qualified employees up to and including eight  
22 thousand dollars during the tax year.

23 b. "Qualified employee" means an employee hired  
24 by the taxpayer to perform services for the taxpayer  
25 within this state on a part-time or full-time basis  
26 during this tax year and whose employment by the  
27 taxpayer increases the total number of employees  
28 employed by the taxpayer to a number which exceeds  
29 the threshold employee level. A qualified employee  
30 shall not include any person related to the taxpayer  
31 within the second degree by consanguinity or affinity.  
32 If the taxpayer is a corporation, the qualified  
33 employee shall not include any person related to the  
34 taxpayer's officers within the second degree by  
35 consanguinity or affinity.

36 c. "Threshold employee level" means the highest  
37 number of employees listed on the most recent report  
38 submitted to the department of revenue by the taxpayer.  
39 If the trade or business of the taxpayer begins  
40 operation during the tax year for which the credit  
41 is claimed, the threshold employee level is zero.

42 The credit allowed under this subsection shall  
43 be allowed only for the tax year beginning on or after  
44 January 1, 1982 but not after December 31, 1982, and  
45 the tax year beginning on or after January 1, 1983  
46 but not after December 31, 1983.

47 The credit allowed under this subsection may, at  
48 the election of the taxpayer, be credited against  
the tax imposed under division III of this chapter."

2. Page 1, by inserting after line 50 the

H-5244  
Page 2

- 1 following:
- 2 "\_\_\_\_\_. Page 6, by inserting after line 9 the
- 3 following new section:
- 4 "Sec. 50. Section 422.38, Code 1981, is amended
- 5 to read as follows:
- 6 422.38 STATUTES GOVERNING CORPORATIONS. ~~All the~~
- 7 ~~provisions of sections~~ Sections 10 of this Act and
- 8 422.15 to 422.22 of division II, insofar as ~~the same~~
- 9 ~~they~~ are applicable, shall apply to corporations
- 10 taxable under this division."
- 11 3. Page 2, by inserting after line 35 the
- 12 following:
- 13 "\_\_\_\_\_. By striking page 6, line 21 through page
- 14 9, line 6."
- 15 4. Page 3, line 2, by striking the word and figure
- 16 "and 16" and inserting in lieu thereof the word and
- 17 figures "16, 40, and 50".
- 18 5. Page 3, by inserting after line 16 the
- 19 following:
- 20 "\_\_\_\_\_. Amend the title, lines 5 and 6, by striking
- 21 the words "providing for the assessment of computers
- 22 and machinery used in manufacturing," and inserting
- 23 in lieu thereof the words "providing a tax credit
- 24 for increasing employment,"."

H-5244 FILED FEBRUARY 24, 1982 BY RAPP of Black Hawk

*Revised not germane 2/25 (p 550)*

HOUSE FILE 2171

H-5242

- 1 Amend the Senate amendment, H-5237, to House File
- 2 2171, as amended, passed, and reprinted by the House,
- 3 as follows:
- 4 1. Page 1, by inserting after line 40 the
- 5 following:
- 6 "\_\_\_\_\_. Page 6, by inserting after line 9 the
- 7 following new section:
- 8 "Sec. 50. Section 422.35, Code 1981, is amended
- 9 by adding the following new subsection:
- 10 NEW SUBSECTION. The deduction for depreciation
- 11 under section 168 of the Internal Revenue Code of
- 12 1954 on ten-year public utility recovery property
- 13 and fifteen-year public utility recovery property
- 14 as defined in section 168 of the Internal Revenue
- 15 Code of 1954 is not applicable in computing Iowa net
- 16 income but such property shall be subject to
- 17 depreciation under section 167 of the Internal Revenue
- 18 Code of 1954 in computing Iowa net income retroactive
- 19 to January 1, 1981 for tax years beginning on or after
- 20 January 1, 1981."
- 21 2. Renumber sections and correct internal
- 22 references as are necessary in accordance with this
- 23 amendment.

H-5242 FILED FEBRUARY 24, 1982 BY BRUNER of Story

*Lost 2/25 (p 552)*

HOUSE FILE 2171

49

1 Amend the Senate amendment, H-5237, to House  
2 File 2171, as amended, passed, and reprinted by the  
3 House, as follows:

4 1. Page 1, by striking line 12, and inserting  
5 in lieu thereof the following: "line 10 and inserting  
6 in lieu thereof the following:

7 "Sec 7. Section 422.7, Code 1981, is amended  
8 by adding the following new subsection:

9 NEW SUBSECTION. The deduction for contributions  
10 to an individual retirement account provided by  
11 section 219 of the Internal Revenue Code of 1954 is  
12 not applicable in computing Iowa net income for tax  
13 years beginning on or after January 1, 1986. The  
14 deduction for contributions to an individual retire-  
15 ment account provided by section 219 or 220 of the  
16 Internal Revenue Code of 1954, as amended up to and  
17 including January 1, 1981 is allowable in computing  
18 Iowa net income for tax years beginning on or after  
19 January 1, 1986. Distributions or payments from an  
20 individual retirement account shall be included in  
21 net income by the payee or distributee in the tax  
22 year received. However, that portion of the  
23 distribution or payment which has previously been  
24 included in Iowa net income under this subsection  
25 shall not be included in the payee or distributee's  
26 Iowa net income in the tax year received.

27 The Iowa development commission shall study the  
28 feasibility and desirability of placing restrictions  
29 on the investment of funds in individual retirement  
30 accounts in order for them to be eligible for con-  
31 tinued tax deferred status for contributions into  
32 accounts made after December 1, 1985. Specifically,  
33 the commission shall study the feasibility of re-  
34 quiring a portion of the portfolio to be invested in  
35 instruments which encourage the financing of home  
36 mortgages and of providing financial loans, including  
37 equity financing, to small businesses, which will  
38 improve the business climate and speed economic  
39 growth. The commission may seek the assistance and  
40 advice of the superintendent of banking and other  
41 state agency officials with investment expertise.  
42 The commission shall submit its findings and  
43 recommendations to the general assembly not later  
44 than January 1, 1984."

H-5247

1 Amend the Senate amendment, H-5237, to House File  
 2 2171 as amended, passed and reprinted by the House,  
 3 as follows:  
 4 1. Page 1, by inserting after line 10 the  
 5 following:  
 6 " . Page 1, line 22, by inserting after the  
 7 period the words "For any taxpayer who is a natural  
 8 person, the alternative minimum tax shall not apply  
 9 to capital gains realized from the involuntary sale  
 10 of a capital asset. The department may adopt rules  
 11 under chapter 17A to specify a sale which constitutes  
 12 an involuntary sale.""

H-5247 FILED FEBRUARY 24, 1982 BY SCHROEDER of Pottawattamie

*2/10 2/25 (p. 556)*

## HOUSE FILE 2171

H-5250

1 Amend the Senate amendment, H-5237, to House File  
 2 2171, as amended, passed, and reprinted by the House,  
 3 as follows:  
 4 1. Page 3, by striking lines 5 and 6 and inserting  
 5 in lieu thereof the following:  
 6 " . Page 11, line 6, by striking the figure  
 7 "2,".  
 8 " . Page 11, line 6, by striking the figure  
 9 "13,".  
 10 " . Page 11, by inserting after line 17 the  
 11 following new section:  
 12 "Sec. . Sections 2, 13, and 17 of this Act  
 13 shall take effect January 1, 1984 for tax years  
 14 beginning on or after that date.""

H-5250 FILED FEBRUARY 24, 1982 BY TYRRELL of Iowa

*2/10 2/25 (p. 555)*

1 Amend the Senate amendment, H-5237, to House File  
2 2171, as amended, passed, and reprinted by the House,  
3 as follows:

4 1. Page 2, by inserting after line 35 the  
5 following:

6 "\_\_\_\_\_. Page 6, line 26, by striking the word  
7 "thirty" and inserting in lieu thereof the word  
8 "fifty".

9 2. Page 2, by inserting after line 43 the  
10 following:

11 "\_\_\_\_\_. Page 9, by inserting after line 6 the  
12 following:

13 "Sec. \_\_\_\_\_. NEW SECTION. DEFINITIONS. As used  
14 in this chapter unless the context otherwise requires:

15 1. "Small business" means a business entity  
16 organized for profit, including but not limited to  
17 an individual, partnership, corporation, joint venture,  
18 association or cooperative, to which the following  
19 apply:

20 a. It is not an affiliate or subsidiary of a  
21 business dominant in its field of operation.

22 b. It has either twenty or fewer full-time  
23 employees or not more than one million dollars in  
24 annual gross revenues in the preceding fiscal year.

25 c. It does not involve the operation of a farm  
26 and does not involve the practice of a profession.

27 For purposes of this definition "dominant in its  
28 field of operation" means having more than twenty  
29 full-time employees and more than one million dollars  
30 in annual gross revenues, and "affiliate or subsidiary  
31 of a business dominant in its field of operation"  
32 means a business which is at least twenty percent  
33 owned by a business dominant in its field of operation,  
34 or by partners, officers, directors, majority  
35 stockholders, or their equivalent, of a business  
36 dominant in that field of operation.

37 2. "Small business loan" or "loan" means a loan,  
38 either secured or unsecured, which provides capital  
39 for establishing, operating, or expanding a small  
40 business.

41 3. "Interest subsidy fund" or "fund" means the  
42 fund administered by the Iowa housing finance  
43 authority.

44 Sec. \_\_\_\_\_. NEW SECTION. INTEREST SUBSIDY. There  
45 is appropriated from the general fund of the state  
46 for the fiscal period beginning July 1, 1982 and  
47 ending June 30, 1987 the sum of two million (2,000,000)  
48 dollars to be credited to the "interest subsidy fund"  
49 which is hereby created. The Iowa housing finance  
50 authority shall administer the fund. Under the

H-5252  
Page 2

1 authority's direction, moneys in the fund shall be  
2 used to pay banks an amount equal to four cents on  
3 the hundred by year of the principal amount of a loan  
4 to a small business. The authority shall distribute  
5 payment to banks under this section in the order in  
6 which banks provide evidence that a small business  
7 loan has been closed. As used in this section, a  
8 loan is closed when the loan application has been  
9 accepted and agreement has been reached on all terms  
10 of the loan except the rate of interest. However,  
11 the Iowa housing finance authority shall not subsidize  
12 interest on combined loans of more than twenty-five  
13 million dollars and no interest subsidy shall be paid  
14 on a loan which extends for a period of more than  
15 five years.

16 Sec. \_\_\_\_ Chapter 220, Code 1981, is amended by  
17 adding the following new section:  
18 NEW SECTION. INTEREST SUBSIDY FUND ADMINISTRATION.  
19 The authority shall administer the interest subsidy  
20 fund." "

H-5252 FILED FEBRUARY 24, 1982 BY CHIODO of Polk  
*Revised not germane 2/25 (p. 554)* ANDERSON of Jasper SULLIVAN of Van Buren  
NORLAND of Worth DAVITT of Warren  
AVENSON of Fayette COCHRAN of Webster  
HALL of Linn BYERLY of Polk

HOUSE FILE 2171

H-5251

1 Amend the Senate amendment, H-5237, to House File  
2 2171 as amended, passed, and reprinted by the House,  
3 as follows:

4 1. Page 1, by inserting after line 12 the  
5 following:

6 " \_\_\_\_ Page 3, by inserting after line 10 the  
7 following new section:

8 "Sec. 8. Section 422.7, Code 1981, is amended  
9 by adding the following new subsection:

5254 10 NEW SUBSECTION. If there is an unobligated state  
11 general fund balance on June 30, 1982, as certified  
12 by the state comptroller by September 10, 1982 of  
13 the fiscal year beginning in that calendar year of  
14 twenty million dollars or less, an amount equal to  
15 the deduction allowed under section 168 of the Internal  
16 Revenue Code of 1954 shall be allowed on the first  
17 thirty thousand and eighty percent of any amount in  
18 excess of thirty thousand on that recovery property  
19 eligible for the deduction for any tax year beginning  
20 on or after January 1, 1982 and ending on or before  
21 June 30, 1983. This subsection is also applicable  
22 to taxpayers filing returns under Divisions III and  
23 V of this chapter." "

H-5251 FILED FEBRUARY 24, 1982 BY AVENSON of Fayette  
*Revised not germane 2/25 (# 548)* CHIODO of Polk

HOUSE FILE 2171

H-5262

1 Amend amendment H-5249 to the Senate amendment  
2 H-5237 to House File 2171 as follows:  
3 1. Page 1, by striking line 27 and inserting in  
4 lieu thereof the following:  
5 "2. Page 1, by inserting after line 12 the following:  
6 "\_\_\_\_\_. Page 3, by inserting after line 27, the  
7 following:  
8 "Sec. \_\_\_\_\_. The Iowa development commission shall  
9 study the"."

H-5262 FILED FEBRUARY 25, 1982 BY BRUNER of Story  
WITHDRAWN (p. 555)

HOUSE FILE 2171

H-5264

1 Amend the Senate amendment, H-5237, to House File  
2 2171 as amended, passed and reprinted by the House,  
3 as follows:  
4 1. Page 1, by inserting after line 12 the  
5 following:  
6 "\_\_\_\_\_. Page 3, by inserting after line 10 the  
7 following new section:  
8 "Sec. 8. Section 422.7, Code 1981, is amended  
9 by adding the following new subsection:  
10 NEW SUBSECTION. If the federal individual income  
11 tax rate reduction scheduled to become effective July  
12 1, 1982 under the Economic Recovery Tax Act of 1981  
13 does not become effective on or before that scheduled  
14 date, an amount equal to the deduction allowed under  
15 section 168 of the Internal Revenue Code of 1954 shall  
16 be allowed on the first thirty thousand and eighty  
17 percent of any amount in excess of thirty thousand on  
18 that recovery property eligible for the deduction for  
19 the tax year beginning on or after January 1, 1982  
20 only. This subsection is also applicable to  
21 taxpayers filing returns under Divisions III and V  
22 of this chapter."

H-5264 FILED FEBRUARY 25, 1982 BY DODERER of Johnson  
MOTION TO SUSPEND RULES TO CONNORS of Polk  
CONSIDER, LOST GROTH of Buena Vista  
UNANIMOUS CONSENT TO CONSIDER  
LOST (p. 578)

HOUSE FILE 2171

H-5254

1 Amend the Avenson and Chiodo amendment, H-5251,  
2 to the Senate amendment, H-5237, to House File 2171,  
3 as amended, passed and reprinted by the House, as  
4 follows:

5 1. Page 1, line 19, by striking the word "any"  
6 and inserting in lieu thereof the word "the".

7 2. Page 1, lines 20 and 21, by striking the words  
8 "and ending on or before June 30, 1983" and inserting  
9 in lieu thereof the word "only".

H-5254 FILED FEBRUARY 25, 1982 BY AVENSON of Fayette  
ADOPTED (p. 548)

HOUSE FILE 2171

H-5255

1 Amend the Chiodo, et al amendment, H-5252, to  
2 the Senate amendment, H-5237, to House File 2171,  
3 as amended, passed and reprinted by the House as  
4 follows:

5 1. Page 2, line 12, by striking the words  
6 "twenty-five" and inserting in lieu thereof the  
7 words "fifty".

H-5255 FILED FEBRUARY 25, 1982 BY CHIODO of Polk  
ADOPTED (p. 554)

HOUSE FILE 2171

AN ACT

RELATING TO TAXATION BY UPDATING REFERENCES TO THE INTERNAL REVENUE CODE IN THE STATE INCOME, FRANCHISE, AND INHERITANCE TAX LAWS, PROVIDING CERTAIN CHANGES FROM AND CERTAIN COORDINATING AMENDMENTS TO THE INTERNAL REVENUE CODE, PROVIDING FOR THE ASSESSMENT OF COMPUTERS AND MACHINERY USED IN MANUFACTURING, INCREASING THE PERSONAL PROPERTY TAX CREDIT, IMPOSING A MINIMUM TAX, INCREASING THE STATE CORPORATE TAX RATES, AMENDING CERTAIN INHERITANCE TAX PROVISIONS, MAKING AN APPROPRIATION, SPECIFYING THAT NO PROVISION OF THE STATE INCOME TAX LAW REQUIRES THE STATE COMMERCE COMMISSION TO ALLOW OR REQUIRE A PARTICULAR METHOD OF ACCOUNTING BY PUBLIC UTILITIES, AND MAKING CERTAIN PROVISIONS OF THE ACT RETROACTIVE AND MAKING THE ACT EFFECTIVE UPON PUBLICATION.

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

Section 1. Section 422.4, subsection 17, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 132, section 2, 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, 1981 ~~1982~~.

Sec. 2. Section 422.5, Code 1981, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. In addition to all taxes imposed under this division, there is imposed upon every resident and nonresident, including resident and nonresident estates and trusts, of this state a state minimum tax for tax preference items equal to twenty-five percent of the state's apportioned share of the federal minimum tax. The state's

apportioned share of the federal minimum tax is one hundred percent in the case of a resident and in the case of a nonresident a percent equal to the ratio of the federal minimum tax on preferences attributable to Iowa to the federal minimum tax on all preferences. The director shall prescribe rules for the determination of the amount of the federal minimum tax on preference items attributable to Iowa which shall be based as much as equitably possible on the allocation provisions of section 422.8, subsections 2 and 3. For purposes of this paragraph, "federal minimum tax" means the federal minimum tax for tax preferences computed under sections 55 through 58 of the Internal Revenue Code of 1954 for the tax year.

Sec. 3. Section 422.7, subsection 8, Code 1981, is amended to read as follows:

8. Married taxpayers who file a joint federal income tax return and who elect to file separate returns or separate filing on a combined return for Iowa income tax purposes, may avail themselves of the ~~additional-first-year-depreciation expensing of business assets~~ and capital loss provisions of sections 179(a) and 1211(b) respectively of the Internal Revenue Code of 1954 and shall compute the amount of ~~additional first-year-depreciation expensing of business assets~~ and capital loss subject to the limitations for joint federal income tax return filers provided by sections 179(b) and 1211(b) respectively of the Internal Revenue Code of 1954.

Sec. 4. Section 422.7, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. Married taxpayers, who file a joint federal income tax return and who elect to file separate returns or separate filing on a combined return for state income tax purposes, may avail themselves of the dividend exclusion provisions of section 116(a) of the Internal Revenue Code of 1954 and shall compute the dividend exclusion subject to the limitations for joint federal income tax return filers

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provided by section 116(a) of the Internal Revenue Code of 1954.

Sec. 5. Section 422.7, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. The exclusion of interest income provided by section 128 of the Internal Revenue Code of 1954 is not applicable in computing Iowa net income for tax years beginning on or after January 1, 1981 and before January 1, 1984.

Sec. 6. Section 422.7, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. The deduction for a married couple where both persons are wage earners which is provided by section 221 of the Internal Revenue Code of 1954 is not applicable in computing Iowa net income for tax years beginning on or after January 1, 1982.

Sec. 7. Section 422.7, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. The deduction allowed under section 162 (h) of the Internal Revenue Code of 1954 is not applicable in computing Iowa net income for any tax year beginning on or before December 31, 1980. The deduction allowed under section 604 of the tax reform Act of 1976, as amended up to and including December 31, 1980, is allowable in computing Iowa net income, for tax years beginning on or before December 31, 1980, under provisions effective for the year for which the return is made. The deduction allowed under section 162(h) of the Internal Revenue Code of 1954 is not applicable in computing Iowa net income for any tax year beginning on or after January 1, 1981. The deduction allowed under section 604 of the tax reform Act of 1976, as amended up to and including December 31, 1980, is allowable in computing Iowa net income for tax years beginning on or after January 1, 1981. The maximum allowable deduction, other than for travel expense, shall not exceed fifty dollars per day, where the taxpayer elects on the Iowa return to be governed by section

604 of the tax reform Act of 1976, as amended up to and including December 31, 1980, unless the taxpayer itemized expenses.

Sec. 8. Section 422.7, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. Add the amounts deducted as a result of the treatment provided sale-leaseback agreements under section 168(f)(8) of the Internal Revenue Code of 1954 to the extent that the amounts deducted are not otherwise deductible under the provisions of the Internal Revenue Code of 1954.

Sec. 9. Section 422.9, subsection 2, Code 1981, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. Subtract the adoption deduction permitted under section 222 of the Internal Revenue Code of 1954.

Sec. 10. Section 422.9, subsection 3, paragraphs b and c, Code 1981, are amended to read as follows:

b. The Iowa net operating loss remaining after being carried back as required in paragraph "a" of this subsection or if not required to be carried back shall be carried forward seven fifteen taxable years.

c. If the election under section 172(b)(3)(C) of the Internal Revenue Code of 1954 is made, the Iowa net operating loss shall be carried forward seven fifteen taxable years.

Sec. 11. Section 422.32, subsection 4, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 132, section 7, 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, ~~1981~~ 1982.

Sec. 12. Section 422.33, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. In addition to all taxes imposed under this division, there is imposed upon each corporation doing

business within the state a state minimum tax for tax preference equal to twenty-five percent of the state's apportioned share of the federal minimum tax. The state's apportioned share of the federal minimum tax is a percent equal to the ratio of the federal minimum tax on preferences attributable to Iowa to the federal minimum tax on all preferences. The director shall prescribe rules for the determination of the amount of the federal minimum tax on preferences attributable to Iowa which shall be based as much as equitably possible on the allocation and apportionment provisions of subsections 1 and 2. For purposes of this subsection, "federal minimum tax" means the federal minimum tax for tax preferences computed under sections 55 through 58 of the Internal Revenue Code of 1954 for the tax year.

Sec. 13. Section 422.33, unnumbered paragraph 4, Code 1981, is amended to read as follows:

On taxable income ~~of between~~ one hundred thousand dollars ~~or more~~ and two hundred fifty thousand dollars or any part thereof, the rate of ten percent.

On taxable income of two hundred fifty thousand dollars or more, the rate of twelve percent.

Sec. 14. Section 422.35, subsection 7, paragraphs b and c, Code 1981, are amended to read as follows:

b. The Iowa net operating loss remaining after being carried back as required in paragraph "a" of this subsection or if not required to be carried back shall be carried forward seven fifteen taxable years.

c. If the election under section 172(b)(3)(C) of the Internal Revenue Code of 1954 is made, the Iowa net operating loss shall be carried forward seven fifteen taxable years.

Sec. 15. Section 422.35, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. Add the amounts deducted as a result of the treatment provided sale-leaseback agreements under section 169(f)(8) of the Internal Revenue Code of 1954 to the extent

that the amounts deducted are not otherwise deductible under the other provisions of the Internal Revenue Code of 1954.

Sec. 16. Section 422.60, Code 1981, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. In addition to all taxes imposed under this division, there is imposed upon each financial institution doing business within the state a state minimum tax for tax preference items equal to twenty-five percent of the state's apportioned share of the federal minimum tax. The state's apportioned share of the federal minimum tax is a percent equal to the ratio of the federal minimum tax on preferences attributable to Iowa to the federal minimum tax on all preferences. The director shall prescribe rules for the determination of the amount of the federal minimum tax on preferences attributable to Iowa which shall be based as much as equitably possible on the allocation and apportionment provisions of section 422.63. For purposes of this subsection, "federal minimum tax" means the federal minimum tax for tax preferences computed and paid or payable under sections 55 through 58 of the Internal Revenue Code of 1954, as amended to and including January 1, 1982.

Sec. 17. Chapter 422, division VI, Code 1981, is amended by adding the following new section:

NEW SECTION. Nothing in this chapter shall be construed to require the Iowa state commerce commission to allow or require the use of any particular method of accounting by any public utility to compute its tax expense, depreciation expense, or operating expense for purposes of establishing its cost of service for rate-making purposes and for reflecting operating results in its regulated books of account.

Sec. 18. Section 427A.9, Code 1981, is amended by inserting after unnumbered paragraph 2 the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding the provisions of this section which require an increase in general fund

revenues in excess of five and one-half percent, adjusted for changes in rate or basis, to increase the personal property tax credit, the amount of the personal property tax credit, to be allowed for taxes payable in the fiscal year beginning July 1, 1982 and ending June 30, 1983 shall be increased as provided in this section.

Sec. 19. Chapter 427B, Code 1981, is amended by adding sections 20 through 24 of this Act.

Sec. 20. NEW SECTION. For property defined in section 427A.1, subsection 1, paragraphs e and j acquired or initially leased after December 31, 1981, the taxpayer's valuation shall be limited to thirty percent of the net acquisition cost of the property. For purposes of this section, "net acquisition cost" means the acquired cost of the property including all foundations and installation cost less any excess cost adjustment.

For purposes of sections 20 to 24 of this Act:

1. Property assessed by the department of revenue pursuant to sections 428.24 to 428.29, or chapters 433, 434 and 436 to 438 shall not receive the benefits of sections 20 to 24 of this Act.
2. Property acquired on or before December 31, 1981 which was owned or used on or before December 31, 1981 by a related person shall not receive the benefits of sections 20 to 24 of this Act.
3. Property acquired after December 31, 1981 which was owned and used by a related person shall not receive any additional benefits under sections 20 to 24 of this Act.
4. Property which was owned or used on or before December 31, 1981 and subsequently acquired by an exchange of like property shall not receive the benefits of sections 20 to 24 of this Act.
5. Property which was acquired after December 31, 1981 and subsequently exchanged for like property shall not receive any additional benefits under sections 20 to 24 of this Act.

6. Property acquired on or before December 31, 1981 which is subsequently leased to a taxpayer or related person who previously owned the property shall not receive the benefits of sections 20 to 24 of this Act.

7. Property acquired after December 31, 1981 which is subsequently leased to a taxpayer or related person who previously owned the property shall not receive any additional benefits under sections 20 to 24 of this Act.

For purposes of this section, "related person" means a person who owns or controls the taxpayer's business and another business entity from which property is acquired or leased or to which property is sold or leased. Business entities are owned or controlled by the same person if the same person directly or indirectly owns or controls fifty percent or more of the assets or any class of stock or who directly or indirectly has an interest of fifty percent or more in the ownership or profits.

Sec. 21. NEW SECTION. On or before July 1 of each year, the assessor shall determine the taxpayer's value of the property specified in section 20 of this Act and the value at which the property would be assessed in the absence of sections 20 to 24 of this Act, and report the values to the county auditor.

On or before July 1 of the following year the county auditor shall prepare a statement listing for each taxing jurisdiction in the county:

1. The difference between the assessed value of property defined in section 427A.1, subsection 1, paragraphs e and j and assessed pursuant to section 20 of this Act as of January 1 of the preceding year, and the value at which the property would be assessed in the absence of sections 20 to 24 of this Act.
2. The tax levy rate for each taxing jurisdiction levied against assessments made as of January 1 of the previous year.
3. The machinery and computer tax replacement claim for

each taxing district, which is equal to the amount determined pursuant to subsection 1 of this section, multiplied by the tax rate specified in subsection 2 of this section.

The county auditor shall certify and forward one copy of the statement to the state comptroller not later than July 1 of each year.

Sec. 22. NEW SECTION. Each county treasurer shall be reimbursed an amount equal to the machinery and computer tax replacement claim for that county determined pursuant to section 21, subsection 3, of this Act. The reimbursement shall be made in two equal installments on or before September 30 and March 30 of each year. The county treasurer shall apportion the disbursement in the manner provided in section 445.57.

Sec. 23. NEW SECTION. There is appropriated annually from the general fund of the state to the state comptroller an amount sufficient to carry out the provisions of sections 20 to 24 of this Act.

Sec. 24. NEW SECTION. Property defined in section 427A.1, subsection 1, paragraphs e and j and assessed under sections 20 to 24 of this Act shall not be eligible to receive a partial exemption under sections 427B.1 to 427B.6.

Sec. 25. Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 132, sections 4 and 5, are repealed.

Sec. 26. Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 147, section 14, is amended to read as follows:

SEC. 14. NEW SECTION. There is imposed upon the qualified heir an additional inheritance tax if, within ~~fifteen~~ ten years after the decedent's death and before the death of the qualified heir, the qualified heir disposes of, other than to a member of the family, any interest in qualified real property for which an election under section 13 of this Act was made or ceases to use for the qualified use the qualified real property for which an election under section 13 of this

Act was made as prescribed in section 2032A(c) of the Internal Revenue Code of 1954. The additional inheritance tax shall be the amount computed under ~~sections 15 and~~ section 16 of this Act and shall be due six months after the date of the disposition or cessation of qualified use referred to in this section. The amount of the additional inheritance tax shall accrue interest at the rate of ten percent per year from nine months after the decedent's death to the due date of the tax. The tax shall be paid to the department of revenue and shall be deposited into the general fund of the state. Taxes not paid within the time prescribed in this section shall draw interest at the rate of ten percent per annum until paid. There shall not be an additional inheritance tax if the disposition or cessation occurs ten years or more after the decedent's death.

Sec. 27. Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 147, section 15, is repealed.

Sec. 28. Acts of the Sixty-ninth General Assembly, 1981 Session, chapter 147, section 17, is amended to read as follows:

SEC. 17. NEW SECTION. A lien is created in favor of the state for the additional inheritance tax which may be imposed by section 14 of this Act on the qualified real property for which an election has been made under section 13 of this Act. The lien created by this section shall continue until the tax has been paid or ten years after the tax is due, whichever date occurs first. However, the lien shall expire ~~fifteen~~ ten years after the decedent's death if the qualified heir has not disposed of or ceased to use for the qualified use the qualified real property which would impose the tax under section 14 of this Act. The department of revenue may release the lien prior to the payment of the tax due, if any, if adequate security for payment of the tax is given.

Unless the lien has been perfected by recording in the office of the recorder in the county where the estate is

probated, a transfer of the qualified real property to a bona fide purchaser for value shall divest the property of the lien. If the lien is perfected by recording, the rights of the state under the lien have priority over all subsequent mortgagees, purchasers or judgment creditors. The lien may be foreclosed by the director of revenue in the same manner as is now prescribed for the foreclosure of real estate mortgages and upon judgment, execution shall be issued to sell as much of the property necessary to satisfy the tax, interest and costs due.

Sec. 29. The prohibition in section 422.16, subsection 11, paragraph e, on the waiver relating to reasonable cause of the addition to tax for underpayment of the estimated tax payable shall not apply with regard to the 1981 tax year to farmers and fishermen who have elected not to pay estimated taxes during the 1981 tax year and the director shall waive the addition to tax for underpayment of the estimated tax payable for the 1981 tax year to March 31, 1982 for reasonable cause.

Sec. 30. Sections 1, 5, 7, 8, 9, 11, 13, and 15 of this Act are retroactive to January 1, 1981 for tax years beginning on or after January 1, 1981.

Sec. 31. Sections 2, 3, 4, 6, 12, 16, and 25 of this Act are retroactive to January 1, 1982 for tax years beginning on or after January 1, 1982.

Sec. 32. Sections 10 and 14 of this Act are retroactive to January 1, 1976 for losses arising in tax years ending on or after January 1, 1976.

Sec. 33. Sections 19, 20, 21, 22, 23, and 24 of this Act are retroactive to December 31, 1981 for property acquired or leased after December 31, 1981.

Sec. 34. Sections 26, 27, and 28 of this Act are effective July 1, 1982 for estates of individuals dying on or after July 1, 1982.

Sec. 35. This Act, being deemed of immediate importance, takes effect from and after its publication in the Charles City Press, a newspaper published in Charles City, Iowa, and in The Record-Herald and Indianola Tribune, a newspaper published in Indianola, Iowa.

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DELWYN STROMER  
Speaker of the House

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TERRY E. BRANSTAD  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2171, Sixty-ninth General Assembly.

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ELIZABETH A. ISAACSON  
Chief Clerk of the House

Approved March 3, 1982

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ROBERT D. RAY  
Governor