

Reprinted 4/14/86

FEB 14 1986

HOUSE FILE 2288

BY COMMITTEE ON WAYS AND MEANS

WAYS & MEANS CALENDAR

(Formerly House Study Bill 550)

Passed House, Date 4-10-86 (p.1367) Passed Senate, Date 4-24-86 (P.1382)

Vote: Ayes 91 Nays 0 Vote: Ayes 48 Nays 0

Approved May 20, 1986

A BILL FOR

1 An Act striking a special provision relating to the apportionment
2 of net income of a farm corporation for purposes of the
3 corporate income tax, striking a provision prohibiting a
4 sales, services, and use tax refund or claim for taxes
5 voluntarily paid based upon an alleged mistake of law, and
6 providing effective dates.

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

HOUSE FILE 2288

H-5526

1 Amend House File 2288 as follows:

2 1. Page 1, by inserting after line 15 the
3 following:

4 "Sec. ____ . Section 422.63, unnumbered paragraph 2,
5 Code 1985, is amended by striking the paragraph."

6 2. Title page, line 3, by striking the words "a
7 provision prohibiting a" and inserting the following:
8 "provisions prohibiting a franchise tax refund or
9 claim and a".

10 3. By renumbering as necessary.

H-5526 FILED MARCH 24, 1986

BY BRAMMER of Linn

Adopted 4/10 (p.1367)

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1 Section 1. Section 422.33, subsection 2, unnumbered
2 paragraph 1, Code Supplement 1985, is amended to read as
3 follows:

4 If the trade or business of the corporation is carried on
5 entirely within the state, ~~or-if-the-trade-or-business~~
6 ~~consists-of-the-operation-of-a-farm-and-the-property-is~~
7 ~~located-entirely-within-the-state~~, the tax shall be imposed on
8 the entire net income, but if ~~such~~ the trade or business is
9 carried on partly within and partly without the state, ~~or-if~~
10 ~~the-trade-or-business-consists-of-the-operation-of-a-farm-and~~
11 ~~the-property-is-located-partly-within-and-partly-without-the~~
12 ~~state~~, the tax shall be imposed only on the portion of the net
13 income reasonably attributable to the trade or business within
14 the state, ~~said~~ with the net income attributable to the state
15 to be determined as follows:

16 Sec. 2. Section 422.73, subsection 1, unnumbered paragraph
17 2, Code Supplement 1985, is amended by striking the paragraph.

18 Sec. 3. Section 1 of this Act is retroactive to January 1,
19 1986 for tax years beginning on or after January 1, 1986.

20 EXPLANATION

21 Section 1 of the bill is in response to an attorney
22 general's opinion, Op. Att. Gen. #80-2-7, in which it was
23 pointed out that an unapportioned net income tax on a farm
24 corporation doing business within and without the state would
25 not be valid.

26 Section 2 of the bill is in response to a state court
27 decision that prohibiting a sales and use tax refund or claim
28 for taxes voluntarily paid based upon an alleged mistake of
29 law is unconstitutional.

30 Section 1 of the bill is retroactive to January 1, 1986 for
31 tax years beginning on or after that date.

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Gen. Reg. Means 4/14 Do Pass 4/23 (p. 1360)

HOUSE FILE 2288
BY COMMITTEE ON WAYS AND MEANS

(As Amended and Passed by the House April 10, 1986)

Passed House, Date 4-10-86 (p. 1361) Passed Senate, Date 4-24-86 (p. 1382)

Vote: Ayes 91 Nays 0 Vote: Ayes 48 Nays 0

Approved May 20, 1986

A BILL FOR

1 An Act striking a special provision relating to the apportionment
2 of net income of a farm corporation for purposes of the
3 corporate income tax, striking provisions prohibiting a
4 franchise tax refund or claim and a sales, services, and use
5 tax refund or claim for taxes voluntarily paid based upon an
6 alleged mistake of law, and providing effective dates.

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

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House Amendments _____

1 Section 1. Section 422.33, subsection 2, unnumbered
2 paragraph 1, Code Supplement 1985, is amended to read as
3 follows:

4 If the trade or business of the corporation is carried on
5 entirely within the state, ~~or-if-the-trade-or-business~~
6 ~~consists-of-the-operation-of-a-farm-and-the-property-is~~
7 ~~located-entirely-within-the-state,~~ the tax shall be imposed on
8 the entire net income, but if such the trade or business is
9 carried on partly within and partly without the state, ~~or-if~~
10 ~~the-trade-or-business-consists-of-the-operation-of-a-farm-and~~
11 ~~the-property-is-located-partly-within-and-partly-without-the~~
12 ~~state,~~ the tax shall be imposed only on the portion of the net
13 income reasonably attributable to the trade or business within
14 the state, ~~said~~ with the net income attributable to the state
15 to be determined as follows:

16 Sec. 2. Section 422.63, unnumbered paragraph 2, Code 1985,
17 is amended by striking the paragraph.

18 Sec. 3. Section 422.73, subsection 1, unnumbered paragraph
19 2, Code Supplement 1985, is amended by striking the paragraph.

20 Sec. 4. Section 1 of this Act is retroactive to January 1,
21 1986 for tax years beginning on or after January 1, 1986.

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HSB 550

Study Bill 550

WAYS AND MEANS

Ways and Means: Brammer, Chair: Hanson and Parker.

Y.N.C.
HSB 2288

SENATE/HOUSE FILE 2288
BY (PREPARED DEPARTMENT OF
REVENUE BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act striking a special provision relating to the apportionment
2 of net income of a farm corporation for purposes of the
3 corporate income tax, striking a provision prohibiting a
4 sales, services, and use tax refund or claim for taxes
5 voluntarily paid based upon an alleged mistake of law, and
6 providing effective dates.

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

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1 Section 1. Section 422.33, subsection 2, unnumbered
2 paragraph 1, Code Supplement 1985, is amended to read as
3 follows:

4 If the trade or business of the corporation is carried on
5 entirely within the state, ~~or-if-the-trade-or-business~~
6 ~~consists-of-the-operation-of-a-farm-and-the-property-is~~
7 ~~located-entirely-within-the-state~~, the tax shall be imposed on
8 the entire net income, but if such the trade or business is
9 carried on partly within and partly without the state, ~~or-if~~
10 ~~the-trade-or-business-consists-of-the-operation-of-a-farm-and~~
11 ~~the-property-is-located-partly-within-and-partly-without-the~~
12 ~~state~~, the tax shall be imposed only on the portion of the net
13 income reasonably attributable to the trade or business within
14 the state, said with the net income attributable to the state
15 to be determined as follows:

16 Sec. 2. Section 422.73, subsection 1, unnumbered paragraph
17 2, Code Supplement 1985, is amended by striking the paragraph.

18 Sec. 3. Section 1 of this Act is retroactive to January 1,
19 1986 for tax years beginning on or after January 1, 1986.

20 Sec. 4. This Act, being deemed of immediate importance,
21 takes effect from and after its publication in _____
22 _____, a newspaper published in _____,
23 Iowa, and in _____, a newspaper published in
24 _____, Iowa.

25 EXPLANATION

26 Section 1 of the bill is in response to an attorney
27 general's opinion, Op. Att. Gen. #80-2-7, in which it was
28 pointed out that an unapportioned net income tax on a farm
29 corporation doing business within and without the state would
30 not be valid.

31 Section 2 of the bill is in response to a state court
32 decision that prohibiting a sales and use tax refund or claim
33 for taxes voluntarily paid based upon an alleged mistake of
34 law is unconstitutional.

35 Section 1 of the bill is retroactive to January 1, 1986 for

1 tax years beginning on or after that date and section 2 is
2 effective upon publication.

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HOUSE FILE 2288

AN ACT

STRIKING A SPECIAL PROVISION RELATING TO THE APPOINTMENT OF NET INCOME OF A FARM CORPORATION FOR PURPOSES OF THE CORPORATE INCOME TAX, STRIKING PROVISIONS PROHIBITING A FRANCHISE TAX REFUND OR CLAIM AND A SALES, SERVICES, AND USE TAX REFUND OR CLAIM FOR TAXES VOLUNTARILY PAID BASED UPON AN ALLEGED MISTAKE OF LAW, AND PROVIDING EFFECTIVE DATES.

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

Section 1. Section 422.33, subsection 2, unnumbered paragraph 1, Code Supplement 1985, is amended to read as follows:

If the trade or business of the corporation is carried on entirely within the state, ~~or if the trade or business consists of the operation of a farm and the property is located entirely within the state,~~ the tax shall be imposed on the entire net income, but if ~~such~~ the trade or business is carried on partly within and partly without the state, ~~or if the trade or business consists of the operation of a farm and the property is located partly within and partly without the state,~~ the tax shall be imposed only on the portion of the net income reasonably attributable to the trade or business within the state, ~~said~~ with the net income attributable to the state to be determined as follows:

Sec. 2. Section 422.63, unnumbered paragraph 2, Code 1985, is amended by striking the paragraph.

Sec. 3. Section 422.73, subsection 1, unnumbered paragraph 2, Code Supplement 1985, is amended by striking the paragraph.

Sec. 4. Section 1 of this Act is retroactive to January 1, 1986 for tax years beginning on or after January 1, 1986.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2288, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved *May 20*, 1986

TERRY E. BRANSTAD
Governor