

MAR 17 1988

WAYS & MEANS CALENDAR

HOUSE FILE 2451

BY COMMITTEE ON WAYS AND MEANS

(Formerly House Study Bill 824)

Passed House, Date 4/4/88 (p. 1357) Passed Senate, Date 4/11/88 (p. 1397)

Vote: Ayes 95 Nays 0 Vote: Ayes 48 Nays 0

Approved April 26, 1988

A BILL FOR

1 An Act relating to the treatment of interest and dividends from
2 state and other political subdivisions and from regulated
3 investment companies in determining the alternative minimum
4 tax for corporations and providing for retroactive
5 applicability and effective dates.

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

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HF 2451

1 Section 1. Section 422.33, subsection 4, paragraph a, Code
2 Supplement 1987, is amended to read as follows:

3 a. Add items of tax preference included in federal
4 alternative minimum taxable income under section 57, except
5 subsections (a)(1) and (a)(5), of the Internal Revenue Code,
6 make the adjustments included in federal alternative minimum
7 taxable income under section 56, except subsections (a)(4) and
8 (d), of the Internal Revenue Code, and add losses as required
9 by section 58 of the Internal Revenue Code. In making the
10 adjustment under section 56(c)(1) of the Internal Revenue
11 Code, interest and dividends from federal securities and
12 interest and dividends from state and other political
13 subdivisions and from regulated investment companies exempt
14 from federal income tax under the Internal Revenue Code, net
15 of amortization of any discount or premium, shall be
16 subtracted.

17 Sec. 2. This Act is retroactive to January 1, 1988, for
18 tax years beginning on or after that date.

19 Sec. 3. This Act, being deemed of immediate importance, is
20 effective upon enactment.

21 EXPLANATION

22 The bill makes a correction in the way a corporation
23 computes its alternative minimum tax by preventing the
24 inclusion twice of interest and dividends from state and other
25 political subdivisions and regulated investment companies
26 exempt from federal tax.

27 The bill is retroactive to January 1, 1988, for tax years
28 beginning on or after that date and is effective upon
29 enactment.

30 SUCCESSOR TO HSB 824 (LSB 8326HC)

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HSB 824

House Study Bill 824

WAYS AND MEANS

Ways and Means: Doderer, Chair; Daggett and Groninga.

HOUSE FILE 2451
BY (PROPOSED COMMITTEE ON WAYS
MEANS BILL)

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

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3 investment companies in determining the alternative minimum
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10 adjustment under section 56(c)(1) of the Internal Revenue
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HOUSE FILE 2451

AN ACT

RELATING TO THE TREATMENT OF INTEREST AND DIVIDENDS FROM STATE AND OTHER POLITICAL SUBDIVISIONS AND FROM REGULATED INVESTMENT COMPANIES IN DETERMINING THE ALTERNATIVE MINIMUM TAX FOR CORPORATIONS AND PROVIDING FOR RETROACTIVE APPLICABILITY AND EFFECTIVE DATES.

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

Section 1. Section 422.33, subsection 4, paragraph a, Code Supplement 1987, is amended to read as follows:

a. Add items of tax preference included in federal alternative minimum taxable income under section 57, except subsections (a)(1) and (a)(5), of the Internal Revenue Code, make the adjustments included in federal alternative minimum taxable income under section 56, except subsections (a)(4) and (d), of the Internal Revenue Code, and add losses as required by section 58 of the Internal Revenue Code. In making the adjustment under section 56(c)(1) of the Internal Revenue Code, interest and dividends from federal securities and interest and dividends from state and other political subdivisions and from regulated investment companies exempt from federal income tax under the Internal Revenue Code, net of amortization of any discount or premium, shall be subtracted.

Sec. 2. This Act is retroactive to January 1, 1988, for tax years beginning on or after that date.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2451, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved: *April 26*, 1988

TERRY E. BRANSTAD
Governor

HF 2451