

Reprinted

APR 12 1988

APPROPRIATIONS CALENDAR

HOUSE FILE 2473

BY COMMITTEE ON APPROPRIATIONS

Passed House, Date 4/14/88 (p.1867) Passed Senate, Date 4/16/88 (p.1722)

Vote: Ayes 95 Nays 0 Vote: Ayes 42 Nays 0

Approved May 4, 1988

A BILL FOR

1 An Act relating to and making appropriations directly from the
2 state general fund for purposes of the military service tax
3 credit and payment of the franchise tax to local governments,
4 and providing an effective date.

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

HOUSE FILE 2473

H-6421

1 Amend House File 2473 as follows:

2 1. Page 5, by striking lines 8 and 9.

By SWARTZ of Marshall

H-6421 FILED APRIL 13, 1988

Adopted 4/14 (p.1867)

HF 2473

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1 Section 1. Section 123.53, subsection 7, Code 1987, is
2 amended by striking the subsection.

3 Sec. 2. Section 422.65, Code 1987, is amended to read as
4 follows:

5 422.65 ALLOCATION OF REVENUE.

6 ~~Fifty-five-percent-of-the-total~~ All moneys received from
7 the franchise tax shall be deposited in the state general
8 fund. ~~The-remaining-moneys-received-from-the-franchise-tax~~
9 ~~shall-be-deposited-in-a-franchise-tax-fund-hereby-established~~
10 ~~in-the-office-of-the-treasurer-of-state,-and~~ Forty-five
11 percent of all franchise tax money received and deposited in
12 the state general fund shall be paid quarterly on warrants by
13 the director, after certification by the director, as follows:

14 1. Sixty percent to the general fund of the city from
15 which the tax is collected.

16 2. Forty percent to the county from which the tax is
17 collected.

18 If the financial institution maintains one or more offices
19 for the transaction of business, other than its principal
20 office, a portion of its franchise tax shall be allocated to
21 each office, based upon a reasonable measure of the business
22 activity of each office. The director shall prescribe, for
23 each type of financial institution, a method of measuring the
24 business activity of each office. Financial institutions
25 shall furnish all necessary information for this purpose at
26 the request of the director.

27 Quarterly, the director shall certify to the treasurer of
28 state the amounts to be paid to each city and county from the
29 ~~franchise-tax~~ state general fund. All moneys received from
30 the franchise tax are hereby appropriated according to the
31 provisions of this section.

32 Sec. 3. Section 426A.1, Code 1987, is amended to read as
33 follows:

34 426A.1 ~~MILITARY-SERVICE-TAX-CREDIT-FUND~~ APPROPRIATION.

35 There is hereby appropriated from ~~any-moneys-in~~ the general

1 ~~fund of the state treasury-not-otherwise-appropriated,~~ the sum
2 ~~of-eight-hundred-thousand-dollars-to-establish-a-fund-to-be~~
3 ~~known-as-"the-military-service-tax-credit-fund",-in-which-fund~~
4 ~~shall-also-be-included~~ the amounts credited to the military
5 ~~service-tax-fund-provided-by-section-123.53,-subsection-7~~
6 necessary to fund the credits provided under this chapter.

7 Sec. 4. Section 426A.2, Code 1987, is amended to read as
8 follows:

9 426A.2 WHERE CREDIT GIVEN.

10 The ~~military-service-tax-credit-fund~~ moneys shall be
11 apportioned each year ~~as-hereinafter-provided~~ so as to replace
12 all or a portion of the tax on property eligible for military
13 service tax exemption in the state, were such the property
14 subject to taxation the amount of such credit to be equal to
15 not more than six dollars and seventy-five cents per thousand
16 dollars of assessed value upon the valuation of property
17 subject to the tax which, but for military service tax
18 exemption, would be payable upon such the property in the
19 taxing district to which such the property is located.

20 Sec. 5. Section 426A.4, Code 1987, is amended to read as
21 follows:

22 426A.4 CERTIFICATION BY DIRECTOR OF REVENUE AND FINANCE.

23 Sums distributable from the ~~military-service-tax-credit~~
24 general fund of the state shall be allocated annually to the
25 counties of the state. On September 15 annually the director
26 of revenue and finance shall certify and draw warrants to the
27 treasurer of each county payable from the ~~military-service-tax~~
28 credit general fund of the state in the amount claimed.

29 ~~However,-if-the-amount-of-money-in-the-fund-is-insufficient-to~~
30 ~~pay-the-credits-claimed-in-full,-the-claims-shall-be-paid-on-a~~
31 ~~pro-rata-basis.~~ Payments shall be made to the treasurer of
32 each county not later than September 30 of each year. The
33 ~~director-of-revenue-and-finance-shall-transfer-any-funds-in~~
34 ~~the-military-service-tax-credit-fund-on-May-31-of-each-year~~
35 ~~not-necessary-for-the-payment-of-claims-to-the-general-fund.~~

1 Sec. 6. Section 426A.6, Code 1987, is amended to read as
2 follows:

3 426A.6 SETTING ASIDE ALLOWANCE.

4 If the director of revenue and finance determines that any
5 claim for military service tax exemption has been allowed by
6 any board of supervisors which is not justifiable under the
7 law and not substantiated by proper facts, the director may,
8 at any time within twenty-four months from July 1 of the year
9 in which the claim is allowed, set aside the allowance.
10 Notice of the disallowance shall be given to the county
11 auditor of the county in which the claim has been improperly
12 granted and a written notice of the disallowance shall also be
13 addressed to the claimant at the claimant's last known
14 address. The claimant or the board of supervisors may seek
15 judicial review of the action of the director of revenue and
16 finance in accordance with ~~the Iowa administrative procedure~~
17 Act chapter 17A. In any case, where a claim is so disallowed
18 by the director of revenue and finance and a petition for
19 judicial review is not filed with respect to the disallowance,
20 any amounts of credits allowed and paid from the ~~military~~
21 ~~service-tax-credit~~ general fund of the state become a lien
22 upon the property on which the credit was originally granted,
23 if still in the hands of the claimant, and not in the hands of
24 a bona fide purchaser, and any amount so erroneously paid
25 shall be collected by the county treasurer in the same manner
26 as other taxes and the collections shall be returned to the
27 department of revenue and finance and credited to the ~~military~~
28 ~~service-tax-credit~~ general fund of the state. The director of
29 revenue and finance may institute legal proceedings against a
30 military service tax exemption claimant for the collection of
31 all payments made on disallowed exemptions.

32 Sec. 7. Section 426A.8, Code 1987, is amended to read as
33 follows:

34 426A.8 EXCESS REMITTED -- APPEALS.

35 If the amount of credit apportioned to any property

1 eligible to military service tax exemption under the
2 ~~provisions of~~ this chapter in any year shall exceed the total
3 tax, exclusive of any special assessments levied against such
4 property eligible for military service tax exemption then such
5 the excess shall be remitted by the county treasurer to the
6 department of revenue and finance to be redeposited in the
7 ~~military-service-tax-credit~~ general fund of the state and
8 reallocated the following year by the department ~~as provided~~
9 hereunder.

10 ~~In-the-event~~ If any claim for exemption made hereunder has
11 been denied by the board of supervisors, and ~~such~~ the action
12 is subsequently reversed on appeal, the same credit shall be
13 allowed on the assessed valuation, not to exceed the amount of
14 the military service tax exemption involved in ~~said~~ the
15 appeal, as was allowed on other military service tax exemption
16 valuations for the year or years in question, and the director
17 of revenue and finance, the county auditor, and the county
18 treasurer ~~are hereby authorized and directed to make such~~
19 shall credit and ~~to~~ change their books and records
20 accordingly.

21 ~~In-the-event~~ If the appealing taxpayer has paid one or both
22 of the installments of the tax payable in the year or years in
23 question on such military service tax exemption valuation,
24 remittance shall be made to the county treasurer in the amount
25 of such credit.

26 The amount of ~~such~~ the credit shall be allocated and paid
27 from the surplus redeposited in the ~~military-tax-credit~~
28 general fund of the state provided for in the first paragraph
29 of this section.

30 Sec. 8. Section 426A.9, Code 1987, is amended to read as
31 follows:

32 426A.9 ERRONEOUS CREDITS.

33 ~~In-the-event~~ If any claim is allowed, and subsequently
34 reversed on appeal, any credit ~~made thereunder~~ shall be void,
35 and the amount of ~~such~~ the credit shall be charged against the

1 property in question, and the director of revenue and finance,
 2 the county auditor and the county treasurer ~~are authorized and~~
 3 ~~directed to~~ shall correct their books and records accordingly.
 4 The amount of such the erroneous credit, when collected, shall
 5 be returned by the county treasurer to the ~~military-service~~
 6 ~~tax-credit~~ general fund ~~to be reallocated the following year~~
 7 ~~as provided herein~~ of the state.

6421 8 Sec. 9. Section 1 of this Act shall be null and void if
 9 1988 Iowa Acts, House File 2457, is enacted.

EXPLANATION

10
 11 The bill appropriates moneys from the state general fund to
 12 pay the cost of the military service tax credit and repeals
 13 the military service tax credit fund. The bill directs that
 14 all franchise tax revenues be deposited into the state general
 15 fund before 45 percent of those revenues are appropriated
 16 quarterly to cities and counties. Present law requires the 45
 17 percent to be deposited into a special franchise tax fund.

SIMILAR TO LSB 8468HC

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In Reply, Please Refer to 60854 St. Paul 4/16 (p. 1715)

HOUSE FILE 2473

BY COMMITTEE ON APPROPRIATIONS

(As Amended and Passed by the House April 14, 1988)

Be Passed House, Date 4/14/88 (p. 2204) Passed Senate, Date 4/16/88 (p. 1722)
Vote: Ayes 87 Nays 0 Vote: Ayes 42 Nays 0
Approved May 4, 1988

A BILL FOR

1 An Act relating to and making appropriations directly from the
2 state general fund for purposes of the military service tax
3 credit and payment of the franchise tax to local governments,
4 and providing an effective date.

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

S-6102

HOUSE FILE 2473

1 Amend House File 2473, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 5, by inserting after line 7 the
4 following:
5 "Sec. ____ . Section 427.3, subsection 5, Code 1987,
6 is amended to read as follows:
7 5. The provisions of this section shall apply to
8 personal property held in partnership but not in
9 excess of the value of the veteran's share actually
10 held. Wherever the word "soldier" shall appear in
11 this chapter, it shall be construed to include,
12 without limitation, the members of the United States
13 air force and the United States merchant marine.
14 Sec. ____ . Section 427.3, Code 1987, is amended by
15 adding the following new subsection:
16 NEW SUBSECTION. 6. For the purpose of determining
17 a military tax exemption under this section, property
18 includes a mobile home as defined in section 135D.1."
19 2. Title page, line 1, by inserting after the
20 word "to" the following: "the administration and
21 requirements for military service tax credits,".

S-6102

Filed April 16, 1988

ADOPTED
(p. 1715)

BY JOE WELSH

1 Section 1. Section 123.53, subsection 7, Code 1987, is
2 amended by striking the subsection.

3 Sec. 2. Section 422.65, Code 1987, is amended to read as
4 follows:

5 422.65 ALLOCATION OF REVENUE.

6 ~~Fifty-five-percent-of-the-total~~ All moneys received from
7 the franchise tax shall be deposited in the state general
8 fund. ~~The-remaining-moneys-received-from-the-franchise-tax~~
9 ~~shall-be-deposited-in-a-franchise-tax-fund-hereby-established~~
10 ~~in-the-office-of-the-treasurer-of-state,~~ and Forty-five
11 percent of all franchise tax money received and deposited in
12 the state general fund shall be paid quarterly on warrants by
13 the director, after certification by the director, as follows:

14 1. Sixty percent to the general fund of the city from
15 which the tax is collected.

16 2. Forty percent to the county from which the tax is
17 collected.

18 If the financial institution maintains one or more offices
19 for the transaction of business, other than its principal
20 office, a portion of its franchise tax shall be allocated to
21 each office, based upon a reasonable measure of the business
22 activity of each office. The director shall prescribe, for
23 each type of financial institution, a method of measuring the
24 business activity of each office. Financial institutions
25 shall furnish all necessary information for this purpose at
26 the request of the director.

27 Quarterly, the director shall certify to the treasurer of
28 state the amounts to be paid to each city and county from the
29 ~~franchise-tax~~ state general fund. All moneys received from
30 the franchise tax are hereby appropriated according to the
31 provisions of this section.

32 Sec. 3. Section 426A.1, Code 1987, is amended to read as
33 follows:

34 426A.1 ~~MILITARY-SERVICE-TAX-CREDIT-FUND~~ APPROPRIATION.

35 There is hereby appropriated from any-moneys-in the general

1 ~~fund of the state treasury not otherwise appropriated~~ the sum
2 ~~of eight hundred thousand dollars to establish a fund to be~~
3 ~~known as "the military service tax credit fund"~~ in which fund
4 shall also be included the amounts credited to the military
5 service tax fund provided by section 123-53, subsection 7
6 necessary to fund the credits provided under this chapter.

7 Sec. 4. Section 426A.2, Code 1987, is amended to read as
8 follows:

9 426A.2 WHERE CREDIT GIVEN.

10 The ~~military service tax credit fund~~ moneys shall be
11 apportioned each year ~~as hereinafter provided~~ so as to replace
12 all or a portion of the tax on property eligible for military
13 service tax exemption in the state, were ~~such~~ the property
14 subject to taxation the amount of such credit to be equal to
15 not more than six dollars and seventy-five cents per thousand
16 dollars of assessed value upon the valuation of property
17 subject to the tax which, but for military service tax
18 exemption, would be payable upon ~~such~~ the property in the
19 taxing district to which ~~such~~ the property is located.

20 Sec. 5. Section 426A.4, Code 1987, is amended to read as
21 follows:

22 426A.4 CERTIFICATION BY DIRECTOR OF REVENUE AND FINANCE.

23 Sums distributable from the ~~military service tax credit~~
24 general fund of the state shall be allocated annually to the
25 counties of the state. On September 15 annually the director
26 of revenue and finance shall certify and draw warrants to the
27 treasurer of each county payable from the ~~military service tax~~
28 credit general fund of the state in the amount claimed.

29 ~~However, if the amount of money in the fund is insufficient to~~
30 ~~pay the credits claimed in full, the claims shall be paid on a~~
31 ~~pro-rata basis.~~ Payments shall be made to the treasurer of
32 each county not later than September 30 of each year. ~~The~~
33 ~~director of revenue and finance shall transfer any funds in~~
34 ~~the military service tax credit fund on May 31 of each year~~
35 ~~not necessary for the payment of claims to the general fund.~~

1 Sec. 6. Section 426A.6, Code 1987, is amended to read as
2 follows:

3 426A.6 SETTING ASIDE ALLOWANCE.

4 If the director of revenue and finance determines that any
5 claim for military service tax exemption has been allowed by
6 any board of supervisors which is not justifiable under the
7 law and not substantiated by proper facts, the director may,
8 at any time within twenty-four months from July 1 of the year
9 in which the claim is allowed, set aside the allowance.

10 Notice of the disallowance shall be given to the county
11 auditor of the county in which the claim has been improperly
12 granted and a written notice of the disallowance shall also be
13 addressed to the claimant at the claimant's last known
14 address. The claimant or the board of supervisors may seek
15 judicial review of the action of the director of revenue and
16 finance in accordance with ~~the Iowa administrative procedure~~
17 Act chapter 17A. In any case, where a claim is so disallowed
18 by the director of revenue and finance and a petition for
19 judicial review is not filed with respect to the disallowance,
20 any amounts of credits allowed and paid from the ~~military~~
21 service-tax-credit general fund of the state become a lien
22 upon the property on which the credit was originally granted,
23 if still in the hands of the claimant, and not in the hands of
24 a bona fide purchaser, and any amount so erroneously paid
25 shall be collected by the county treasurer in the same manner
26 as other taxes and the collections shall be returned to the
27 department of revenue and finance and credited to the ~~military~~
28 service-tax-credit general fund of the state. The director of
29 revenue and finance may institute legal proceedings against a
30 military service tax exemption claimant for the collection of
31 all payments made on disallowed exemptions.

32 Sec. 7. Section 426A.8, Code 1987, is amended to read as
33 follows:

34 426A.8 EXCESS REMITTED -- APPEALS.

35 If the amount of credit apportioned to any property

1 eligible to military service tax exemption under the
2 ~~provisions-of~~ this chapter in any year shall exceed the total
3 tax, exclusive of any special assessments levied against such
4 property eligible for military service tax exemption then such
5 the excess shall be remitted by the county treasurer to the
6 department of revenue and finance to be redeposited in the
7 ~~military-service-tax-credit~~ general fund of the state and
8 reallocated the following year by the department ~~as-provided~~
9 hereunder.

10 ~~In-the-event~~ If any claim for exemption made hereunder has
11 been denied by the board of supervisors, and such the action
12 is subsequently reversed on appeal, the same credit shall be
13 allowed on the assessed valuation, not to exceed the amount of
14 the military service tax exemption involved in said the
15 appeal, as was allowed on other military service tax exemption
16 valuations for the year or years in question, and the director
17 of revenue and finance, the county auditor, and the county
18 treasurer ~~are-hereby-authorized-and-directed-to-make-such~~
19 shall credit and to change their books and records
20 accordingly.

21 ~~In-the-event~~ If the appealing taxpayer has paid one or both
22 of the installments of the tax payable in the year or years in
23 question on such military service tax exemption valuation,
24 remittance shall be made to the county treasurer in the amount
25 of such credit.

26 The amount of ~~such~~ the credit shall be allocated and paid
27 from the surplus redeposited in the ~~military-tax-credit~~
28 general fund of the state provided for in the first paragraph
29 of this section.

30 Sec. 8. Section 426A.9, Code 1987, is amended to read as
31 follows:

32 426A.9 ERRONEOUS CREDITS.

33 ~~In-the-event~~ If any claim is allowed, and subsequently
34 reversed on appeal, any credit ~~made-thereunder~~ shall be void,
35 and the amount of ~~such~~ the credit shall be charged against the

1 property in question, and the director of revenue and finance,
2 the county auditor and the county treasurer ~~are authorized and~~
3 ~~directed to~~ shall correct their books and records accordingly.
4 The amount of such the erroneous credit, when collected, shall
5 be returned by the county treasurer to the ~~military-service~~
6 ~~tax-credit general~~ fund ~~to be reallocated the following year~~
7 ~~as provided herein~~ of the state.

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SIMILAR TO LSB 8468HC

HOUSE FILE 2473

S-6088

1 Amend House File 2473, as amended, passed, and
2 reprinted by the House, as follows:

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

5 "Sec. 100. Section 422.5, subsection 6, Code
6 Supplement 1987, is amended to read as follows:

7 6. A person who is disabled, is sixty-two years of
8 age or older or is the surviving spouse of an
9 individual or survivor having an insurable interest in
10 an individual who would have qualified for the
11 exemption under this paragraph for this tax year and
12 receives one or more annuities from the United States
13 civil service retirement and disability trust fund or
14 from the United States central intelligence agency
15 retirement and disability fund, and whose net income,
16 as defined in section 422.7, is sufficient to require
17 that the tax be imposed upon it under this section,
18 may determine final taxable income for purposes of
19 imposition of the tax by excluding the amount of
20 annuities received from the United States civil
21 service retirement and disability trust fund and from
22 the United States central intelligence agency
23 retirement and disability fund, which are not already
24 excluded in determining net income, as defined in
25 section 422.7, up to a combined maximum for each tax
26 year of five thousand five hundred dollars for a
27 person who files a separate state income tax return
28 and eight thousand dollars total for a husband and
29 wife who file a joint state income tax return.
30 However, a surviving spouse who is not disabled or
31 sixty-two years of age or older can only exclude the
32 amount of annuities received as a result of the death
33 of the other spouse. The amount of the exemption
34 shall be reduced by the amount of any social security
35 benefits received. For the purpose of this section,
36 the amount of annuities received from the United
37 States civil service retirement and disability trust
38 fund and from the United States central intelligence
39 agency retirement and disability fund taxable under
40 the Internal Revenue Code of 1954 shall be included in
41 net income for purposes of determining eligibility
42 under the five thousand dollar or less exclusion."

43 2. Page 5, by inserting after line 7 the
44 following:

45 "Sec. ____ . Section 427.3, subsection 5, Code 1987,
46 is amended to read as follows:

47 5. The provisions of this section shall apply to
48 personal property held in partnership but not in
49 excess of the value of the veteran's share actually
50 held. Wherever the word "soldier" shall appear in

S-6088 Page 2

1 this chapter, it shall be construed to include,
2 without limitation, the members of the United States
3 air force and the United States merchant marine.

4 Sec. ____ . Section 427.3, Code 1987, is amended by
5 adding the following new subsection:

6 NEW SUBSECTION. 6. For the purpose of determining
7 a military tax exemption under this section, property
8 includes a mobile home as defined in section 135D.1."

9 3. Page 5, by inserting after line 7 the
10 following:

11 "Sec. 200. 1988 Iowa Acts, House File 2463,
12 section 1, is repealed.

13 Sec. 300. Notwithstanding section 98.6, subsection
14 5, local sales and services taxes collected on the
15 gross receipts from the sale of cigarettes prior to
16 the effective date of this section shall be considered
17 legally assessed and collected and be distributed as
18 provided in chapter 422B for other local sales and
19 services tax receipts."

20 4. Page 5, by inserting after line 7 the
21 following:

22 "Sec. ____ . Section 100 of this Act, being deemed
23 of immediate importance, is effective upon enactment,
24 and applies retroactively to January 1, 1988, for tax
25 years beginning on or after that date."

26 5. Page 5, by inserting after line 7 the
27 following:

28 "Sec. ____ . Sections 200 and 300 of this Act, being
29 deemed of immediate importance, are effective upon
30 enactment."

31 6. Title page, line 1, by inserting after the
32 word "to" the following: "the administration and
33 requirements for military service tax credits,".

34 7. Title page, line 1, by inserting after the
35 word "to" the following: "local option sales and
36 service tax,".

37 8. Title page, line 1, by inserting after the
38 word "to" the following: "annuities exempt from state
39 individual income tax,".

40 9. Title page, line 4, by inserting before the
41 word "and" the following: "providing for retroactive
42 applicability,".

S-6088

Filed April 16, 1988

OUT OF ORDER BY COMMITTEE ON APPROPRIATIONS
(4/17/88) JOE WELSH, Chairperson

1 Amend House File 2473, as amended, passed, and
2 reprinted by the House, as follows:

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

5 "Sec. 100. Section 422.5, subsection 6, Code
6 Supplement 1987, is amended to read as follows:

7 6. A person who is disabled, is sixty-two years of
8 age or older or is the surviving spouse of an
9 individual or survivor having an insurable interest in
10 an individual who would have qualified for the
11 exemption under this paragraph for this tax year and
12 receives one or more annuities from the United States
13 civil service retirement and disability trust fund or
14 from the United States central intelligence agency
15 retirement and disability fund, and whose net income,
16 as defined in section 422.7, is sufficient to require
17 that the tax be imposed upon it under this section,
18 may determine final taxable income for purposes of
19 imposition of the tax by excluding the amount of
20 annuities received from the United States civil
21 service retirement and disability trust fund and from
22 the United States central intelligence agency
23 retirement and disability fund, which are not already
24 excluded in determining net income, as defined in
25 section 422.7, up to a combined maximum for each tax
26 year of five thousand five hundred dollars for a
27 person who files a separate state income tax return
28 and eight thousand dollars total for a husband and
29 wife who file a joint state income tax return.

30 However, a surviving spouse who is not disabled or
31 sixty-two years of age or older can only exclude the
32 amount of annuities received as a result of the death
33 of the other spouse. The amount of the exemption
34 shall be reduced by the amount of any social security
35 benefits received. For the purpose of this section,
36 the amount of annuities received from the United
37 States civil service retirement and disability trust
38 fund and from the United States central intelligence
39 agency retirement and disability fund taxable under
40 the Internal Revenue Code of 1954 shall be included in
41 net income for purposes of determining eligibility
42 under the five thousand dollar or less exclusion.

43 This section is retroactive to January 1, 1988, for
44 tax years beginning on or after that date."

45 2. Page 5, by inserting after line 7 the
46 following:

47 "Sec. ____ . Section 100 of this Act, being deemed
48 of immediate importance, is effective upon enactment."

49 3. Title page, line 1, by inserting after the
50 word "to" the following: "annuities exempt from state

Page 2

1 individual income tax,".

2 4. By renumbering as necessary.

HOUSE FILE 2473

S-6097

1 Amend the Committee amendment, S-6088, to House
2 File 2473, as amended, passed, and reprinted by the
3 House, as follows:
4 1. Page 2, line 12, by striking the word "is" and
5 inserting the following: "and chapter 551A, Code
6 1987, are".

S-6097

Filed April 16, 1988 OUT OF ORDER BY AL STURGEON
(4/17/88)

HOUSE FILE 2473

S-6098

1 Amend House File 2473, as amended, passed, and re-
2 printed by the House, as follows:
3 1. Page 1, by inserting after line 2 the
4 following:
5 "Sec. ____ Section 422.45, subsection 22, Code
6 Supplement 1987, is amended by adding the following
7 new paragraph:
8 NEW PARAGRAPH. e. Community health centers as
9 defined in 42 U.S.C.A. § 254c and migrant health
10 centers as defined in 42 U.S.C.A. § 254b.
11 Sec. ____ Section 422.45, Code Supplement 1987, is
12 amended by adding the following new subsections:
13 NEW SUBSECTION. 36. Gross receipts from the sale
14 of tangible personal property to a nonprofit
15 organization which was organized for the purpose of
16 leasing the tangible personal property to the general
17 public for use by them for nonprofit purposes.
18 NEW SUBSECTION. 37. The gross receipts from the
19 sale or rental of tangible personal property or from
20 services performed, rendered, or furnished to
21 nonprofit legal aid organizations."

S-6098

Filed April 16, 1988 OUT OF ORDER

(4/17/88)

BY JIM LIND
JOY CORNING
JACK RIPE

SENATE AMENDMENT TO HOUSE FILE 2473

H-6549

1 Amend House File 2473, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 5, by inserting after line 7 the
4 following:

5 "Sec. _____. Section 427.3, subsection 5, Code 1987,
6 is amended to read as follows:

7 5. The provisions of this section shall apply to
8 personal property held in partnership but not in
9 excess of the value of the veteran's share actually
10 held. Wherever the word "soldier" shall appear in
11 this chapter, it shall be construed to include,
12 without limitation, the members of the United States
13 air force and the United States merchant marine.

14 Sec. _____. Section 427.3, Code 1987, is amended by
15 adding the following new subsection:

16 NEW SUBSECTION. 6. For the purpose of determining
17 a military tax exemption under this section, property
18 includes a mobile home as defined in section 135D.1."

19 2. Title page, line 1, by inserting after the
20 word "to" the following: "the administration and
21 requirements for military service tax credits,".

RECEIVED FROM THE SENATE

H-6549 FILED APRIL 16, 1988

AL CONCURRED (p. 2263)

HOUSE FILE 2473
FISCAL NOTE

In compliance with a written request received April 13, 1988, a fiscal note for HOUSE FILE 2473 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2473 appropriates moneys from the General Fund to pay the cost of the Military Service Tax Credit and repeals the Military Service Tax Credit Fund. The bill directs that all Franchise Tax revenues be deposited into the General Fund before 45% of those revenues are appropriated quarterly to cities and counties. Present law requires the 45% to be deposited into a special Franchise Tax Fund.

EXPLANATION:

Sec. 2 transfers the Franchise Tax Fund Balance to the General Fund in the amount of \$5,400,000. Currently, 55% of the moneys received from the Franchise Tax are deposited in the General Fund and the remaining amount is deposited in the Franchise Tax Fund to be paid quarterly as follows: 60% to the city from which the tax is collected, and 40% to the county from which the tax is collected. This bill transfers all of the money received into the General Fund with 45% being paid quarterly to the cities and counties from which the tax is collected.

Sec. 3 appropriates the Military Service Tax Credit from the General Fund and eliminates the Military Service Tax Credit Fund. The estimated annual standing appropriation from the Military Service Tax Credit Fund is approximately \$3.2 million.

FISCAL EFFECT:

House File 2473 will have no fiscal effect upon the General Fund, since the moneys transferred to the General Fund from the Franchise Tax Fund and the Military Service Tax Credit Fund will still be appropriated in the same amounts as previously.

(LSB 8468h, JKH)

FILED APRIL 14, 1988

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2473

AN ACT

RELATING TO THE ADMINISTRATION AND REQUIREMENTS FOR MILITARY SERVICE TAX CREDITS, AND MAKING APPROPRIATIONS DIRECTLY FROM THE STATE GENERAL FUND FOR PURPOSES OF THE MILITARY SERVICE TAX CREDIT AND PAYMENT OF THE FRANCHISE TAX TO LOCAL GOVERNMENTS, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 123.53, subsection 7, Code 1987, is amended by striking the subsection.

Sec. 2. Section 422.65, Code 1987, is amended to read as follows:

422.65 ALLOCATION OF REVENUE.

~~Fifty-five-percent-of-the-total~~ All moneys received from the franchise tax shall be deposited in the state general fund. ~~The remaining moneys received from the franchise tax shall be deposited in a franchise tax fund hereby established in the office of the treasurer of state, and~~ forty-five percent of all franchise tax money received and deposited in the state general fund shall be paid quarterly on warrants by the director, after certification by the director, as follows:

1. Sixty percent to the general fund of the city from which the tax is collected.

2. Forty percent to the county from which the tax is collected.

If the financial institution maintains one or more offices for the transaction of business, other than its principal office, a portion of its franchise tax shall be allocated to each office, based upon a reasonable measure of the business activity of each office. The director shall prescribe, for each type of financial institution, a method of measuring the business activity of each office. Financial institutions shall furnish all necessary information for this purpose at the request of the director.

Quarterly, the director shall certify to the treasurer of state the amounts to be paid to each city and county from the franchise-tax state general fund. All moneys received from the franchise tax are hereby appropriated according to the provisions of this section.

Sec. 3. Section 426A.1, Code 1987, is amended to read as follows:

426A.1 ~~MILITARY-SERVICE-TAX-CREDIT-FUND~~ APPROPRIATION.

~~There is hereby appropriated from any moneys in the general fund of the state treasury not otherwise appropriated, the sum of eight hundred thousand dollars to establish a fund to be known as "the military service tax credit fund", in which fund shall also be included the amounts credited to the military service tax fund provided by section 123.53, subsection 7, necessary to fund the credits provided under this chapter.~~

Sec. 4. Section 426A.2, Code 1987, is amended to read as follows:

426A.2 WHERE CREDIT GIVEN.

The military service tax credit fund moneys shall be apportioned each year as hereinafter provided so as to replace all or a portion of the tax on property eligible for military service tax exemption in the state, were ~~such~~ the property subject to taxation the amount of such credit to be equal to not more than six dollars and seventy-five cents per thousand

dollars of assessed value upon the valuation of property subject to the tax which, but for military service tax exemption, would be payable upon such the property in the taxing district to which such the property is located.

Sec. 5. Section 426A.4, Code 1987, is amended to read as follows:

426A.4 CERTIFICATION BY DIRECTOR OF REVENUE AND FINANCE.

Sums distributable from the ~~military-service-tax-credit general fund of the state~~ shall be allocated annually to the counties of the state. On September 15 annually the director of revenue and finance shall certify and draw warrants to the treasurer of each county payable from the ~~military-service-tax credit general fund of the state~~ in the amount claimed.

~~However-if-the-amount-of-money-in-the-fund-is-insufficient-to pay-the-credits-claimed-in-full-the-claims-shall-be-paid-on-a pro-rata-basis:~~ Payments shall be made to the treasurer of each county not later than September 30 of each year. ~~The director-of-revenue-and-finance-shall-transfer-any-funds-in the-military-service-tax-credit-fund-on-May-31-of-each-year not-necessary-for-the-payment-of-claims-to-the-general-fund:~~

Sec. 6. Section 426A.6, Code 1987, is amended to read as follows:

426A.6 SETTING ASIDE ALLOWANCE.

If the director of revenue and finance determines that any claim for military service tax exemption has been allowed by any board of supervisors which is not justifiable under the law and not substantiated by proper facts, the director may, at any time within twenty-four months from July 1 of the year in which the claim is allowed, set aside the allowance. Notice of the disallowance shall be given to the county auditor of the county in which the claim has been improperly granted and a written notice of the disallowance shall also be addressed to the claimant at the claimant's last known address. The claimant or the board of supervisors may seek judicial review of the action of the director of revenue and

finance in accordance with the ~~tax-administrative-procedure~~ Act chapter 17A. In any case, where a claim is so disallowed by the director of revenue and finance and a petition for judicial review is not filed with respect to the disallowance, any amounts of credits allowed and paid from the ~~military service-tax-credit general fund of the state~~ become a lien upon the property on which the credit was originally granted, if still in the hands of the claimant, and not in the hands of a bona fide purchaser, and any amount so erroneously paid shall be collected by the county treasurer in the same manner as other taxes and the collections shall be returned to the department of revenue and finance and credited to the ~~military service-tax-credit general fund of the state~~. The director of revenue and finance may institute legal proceedings against a military service tax exemption claimant for the collection of all payments made on disallowed exemptions.

Sec. 7. Section 426A.8, Code 1987, is amended to read as follows:

426A.8 EXCESS REMITTED -- APPEALS.

If the amount of credit apportioned to any property eligible to military service tax exemption under the provisions of this chapter in any year shall exceed the total tax, exclusive of any special assessments levied against such property eligible for military service tax exemption then ~~such~~ the excess shall be remitted by the county treasurer to the department of revenue and finance to be redeposited in the ~~military-service-tax-credit general fund of the state~~ and reallocated the following year by the department as provided hereunder.

~~In-the-event~~ if any claim for exemption made hereunder has been denied by the board of supervisors, and ~~such the~~ action is subsequently reversed on appeal, the same credit shall be allowed on the assessed valuation, not to exceed the amount of the military service tax exemption involved in said the appeal, as was allowed on other military service tax exemptions

valuations for the year or years in question, and the director of revenue and finance, the county auditor, and the county treasurer ~~are hereby authorized and directed to make such~~ shall credit and to change their books and records accordingly.

~~In the event~~ If the appealing taxpayer has paid one or both of the installments of the tax payable in the year or years in question on such military service tax exemption valuation, remittance shall be made to the county treasurer in the amount of such credit.

The amount of ~~such~~ the credit shall be allocated and paid from the surplus redeposited in the ~~military-tax-credit~~ general fund of the state provided for in the first paragraph of this section.

Sec. 8. Section 426A.9, Code 1987, is amended to read as follows:

426A.9 ERRONEOUS CREDITS.

~~In the event~~ If any claim is allowed, and subsequently reversed on appeal, any credit ~~made thereunder~~ shall be void, and the amount of ~~such~~ the credit shall be charged against the property in question, and the director of revenue and finance, the county auditor and the county treasurer ~~are authorized and directed to~~ shall correct their books and records accordingly. The amount of ~~such~~ the erroneous credit, when collected, shall be returned by the county treasurer to the ~~military-service tax-credit~~ general fund ~~to be reallocated the following year as provided herein~~ of the state.

Sec. 9. Section 427.J, subsection 5, Code 1987, is amended to read as follows:

5. The provisions of this section shall apply to personal property held in partnership but not in excess of the value of the veteran's share actually held. Wherever the word "soldier" shall appear in this chapter, it shall be construed to include, without limitation, the members of the United States air force and the United States ~~regular~~ resistant marine.

Sec. 10. Section 427.J, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 6. For the purpose of determining a military tax exemption under this section, property includes a mobile home as defined in section 1350.1.

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 2473, Seventy-second General Assembly.

Approved May 4, 1983

JOSEPH O'HERN
Chief Clerk of the House

TERRY E. BRANSTAD
Governor

HF 2473