

*Sen. Thompson's Bill (3659) 2/29/91 (p. 1558)*

MAR 6 1991

HOUSE FILE 417  
BY COMMITTEE ON WAYS AND MEANS

WAYS & MEANS CALENDAR

(SUCCESSOR TO HF 227)

Passed House, Date 3/18/91 (p. 710) Passed Senate, Date 4/30/91 (p. 1545)  
Vote: Ayes 98 Nays 1 Vote: Ayes 48 Nays 0

Approved May 28, 1991

*Approved House as amended by Senate  
5/8/91 (p. 2088)  
98-0*

*Passed Senate as further amended by House  
5/13/91 (p. 1663)  
46-0*

A BILL FOR

- 1 An Act relating to private club expense deductions for individual
- 2 and corporate state income tax purposes.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HOUSE FILE 417

H-3163

- 1 Amend House File 417 as follows:
  - 2 i. Page 1, line 23, by striking the word "Sub-
  - 3 tract" and inserting the following: "Add".
- By DODERER of Johnson  
GRONINGA of Cerro Gordo

H-3163 FILED MARCH 7, 1991  
*Adopted 3/18 (p. 710)*

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HF 417

1 Section 1. Section 422.9, subsection 2, Code 1991, is  
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. g. Subtract the expenses otherwise  
4 deductible under section 162(a) of the Internal Revenue Code  
5 which were incurred by a taxpayer with respect to expenditures  
6 made at, or payments made to, a club which restricts  
7 membership or the use of its services or facilities on the  
8 basis of age, sex, marital status, race, religion, color,  
9 ancestry, or national origin.

10 A club described in this lettered paragraph holding an  
11 alcoholic beverage license pursuant to chapter 123, shall  
12 provide on each receipt furnished to a taxpayer a printed  
13 statement as follows: "The expenditures covered by this  
14 receipt are nondeductible for state income tax purposes."

15 For the purposes of this lettered paragraph, a club means  
16 any nonprofit corporation or association of individuals, which  
17 is the owner, lessee, or occupant of a permanent building or  
18 part of a building, membership in which entails the prepayment  
19 of regular dues, and which is not operated for a profit other  
20 than such profits as would accrue to the entire membership.

21 Sec. 2. Section 422.35, Code 1991, is amended by adding  
22 the following new subsection:

23 NEW SUBSECTION. 14. Subtract the expenses otherwise  
24 deductible under section 162(a) of the Internal Revenue Code  
25 which were incurred by a corporation with respect to  
26 expenditures made at, or payments made to, a club which  
27 restricts membership or the use of its services or facilities  
28 on the basis of age, sex, marital status, race, religion,  
29 color, ancestry, or national origin.

30 A club described in this subsection holding an alcoholic  
31 beverage license pursuant to chapter 123, shall provide on  
32 each receipt furnished to a taxpayer a printed statement as  
33 follows: "The expenditures covered by this receipt are  
34 nondeductible for state income tax purposes."

35 For the purposes of this subsection, a club means any

1 nonprofit corporation or association of individuals, which is  
2 the owner, lessee, or occupant of a permanent building or part  
3 of a building, membership in which entails the prepayment of  
4 regular dues, and which is not operated for a profit other  
5 than such profits as would accrue to the entire membership.

6 EXPLANATION

7 This bill provides that an individual or corporate taxpayer  
8 cannot deduct trade or business expenses incurred at a private  
9 club which restricts membership or the use of its services or  
10 facilities on the basis of age, sex, marital status, race,  
11 religion, color, ancestry, or national origin, when computing  
12 net income for state income tax purposes.

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## SENATE AMENDMENT TO HOUSE FILE 417

H-4015

1 Amend House File 417, as passed by the House, as  
2 follows:

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

5 "Section 1. Section 422.7, Code 1991, is amended  
6 by adding the following new subsection:

7 NEW SUBSECTION. 24. If the federal adjusted gross  
8 income includes income or loss from a business or farm  
9 or from an interest in a corporation whose income is  
10 taxed to the shareholders, add the expenses otherwise  
11 deductible under section 162(a) of the Internal  
12 Revenue Code which were incurred by the business,  
13 farm, or corporation, for which the taxpayer was  
14 entitled to all or part of the deduction, with respect  
15 to expenditures made at, or payments made to, a club  
16 which restricts membership or the use of its services  
17 or facilities on the basis of age, sex, marital  
18 status, race, religion, color, ancestry, or national  
19 origin.

20 A club described in this subsection holding an  
21 alcoholic beverage license pursuant to chapter 123,  
22 shall provide on each receipt furnished to a taxpayer  
23 a printed statement as follows: "The expenditures  
24 covered by this receipt are nondeductible for state  
25 income tax purposes."

26 For the purposes of this subsection, a club means  
27 any nonprofit corporation or association of  
28 individuals, which is the owner, lessee, or occupant  
29 of a permanent building or part of a building,  
30 membership in which entails the prepayment of regular  
31 dues, and which is not operated for a profit other  
32 than such profits as would accrue to the entire  
33 membership."

34 2. Page 1, line 3, by striking the word  
35 "expenses" and inserting the following: "amounts paid  
36 as membership dues and other periodic fees".

37 3. Page 1, line 23, by striking the word  
38 "Subtract" and inserting the following: "Add".

39 4. Page 1, line 23, by striking the word  
40 "expenses" and inserting the following: "amounts paid  
41 as membership dues and other periodic fees".

42 5. By renumbering, relettering, or redesignating  
43 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-4015 FILED MAY 2, 1991

*House amended (4042) & concurred 5/2/91 (p. 2087)*

## HOUSE FILE 417

H-4042

1 Amend the Senate amendment, H-4015, to House File  
2 417 as passed by the House as follows:

3 1. Page 1, by striking lines 34 through 41.

By DODERER of Johnson

GRONINGA of Cerro Gordo

H-4042 FILED MAY 3, 1991

ADOPTED (p. 2087)

## HOUSE FILE 417

S-3639

1 Amend House File 417, as passed by the House, as  
 2 follows:  
 3 1. Page 1, by inserting before line 1, the  
 4 following:  
 5 "Section 1. Section 422.7, Code 1991, is amended  
 6 by adding the following new subsection:  
 7 NEW SUBSECTION. 24. If the federal adjusted gross  
 8 income includes income or loss from a business or farm  
 9 or from an interest in a corporation whose income is  
 10 taxed to the shareholders, add the expenses otherwise  
 11 deductible under section 162(a) of the Internal  
 12 Revenue Code which were incurred by the business,  
 13 farm, or corporation, for which the taxpayer was  
 14 entitled to all or part of the deduction, with respect  
 15 to expenditures made at, or payments made to, a club  
 16 which restricts membership or the use of its services  
 17 or facilities on the basis of age, sex, marital  
 18 status, race, religion, color, ancestry, or national  
 19 origin.  
 20 A club described in this subsection holding an  
 21 alcoholic beverage license pursuant to chapter 123,  
 22 shall provide on each receipt furnished to a taxpayer  
 23 a printed statement as follows: "The expenditures  
 24 covered by this receipt are nondeductible for state  
 25 income tax purposes."  
 26 For the purposes of this subsection, a club means  
 27 any nonprofit corporation or association of  
 28 individuals, which is the owner, lessee, or occupant  
 29 of a permanent building or part of a building,  
 30 membership in which entails the prepayment of regular  
 31 dues, and which is not operated for a profit other  
 32 than such profits as would accrue to the entire  
 33 membership."  
 34 2. Page 1, line 23, by striking the word  
 35 "Subtract" and inserting the following: "Add".

By COMMITTEE ON WAYS AND MEANS  
 WILLIAM W. DIELEMAN, Chairperson

S-3639 FILED APRIL 29, 1991

*Adopted 4/30/91 (p. 1565)*

## HOUSE FILE 417

S-3657

1 Amend House File 417, as amended and passed by the  
 2 House, as follows:  
 3 1. Page 1, line 3, by striking the word  
 4 "expenses" and inserting the following: "amounts paid  
 5 as membership dues and other periodic fees".  
 6 2. Page 1, line 23, by striking the word  
 7 "expenses" and inserting the following: "amounts paid  
 8 as membership dues and other periodic fees".

By LINN FUHRMAN

S-3657 FILED APRIL 30, 1991

*ADOPTED (p. 1565)*

HOUSE AMENDMENT TO SENATE AMENDMENT TO  
HOUSE FILE 417

S-3711

- 1 Amend the Senate amendment, H-4015, to House File
- 2 417 as passed by the House as follows:
- 3 1. Page 1, by striking lines 34 through 41.

RECEIVED FROM THE HOUSE

S-3711 FILED MAY 3, 1991  
CONCURRED (p. 1662)

HOUSE FILE 417

AN ACT

RELATING TO PRIVATE CLUB EXPENSE DEDUCTIONS FOR INDIVIDUAL  
AND CORPORATE STATE INCOME TAX PURPOSES.

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

Section 1. Section 422.7, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 24. If the federal adjusted gross income includes income or loss from a business or farm or from an interest in a corporation whose income is taxed to the shareholders, add the expenses otherwise deductible under section 162(a) of the Internal Revenue Code which were incurred by the business, farm, or corporation, for which the taxpayer was entitled to all or part of the deduction, with respect to expenditures made at, or payments made to, a club which restricts membership or the use of its services or facilities on the basis of age, sex, marital status, race, religion, color, ancestry, or national origin.

A club described in this subsection holding an alcoholic beverage license pursuant to chapter 123, shall provide on each receipt furnished to a taxpayer a printed statement as follows: "The expenditures covered by this receipt are nondeductible for state income tax purposes."

For the purposes of this subsection, a club means any nonprofit corporation or association of individuals, which is the owner, lessee, or occupant of a permanent building or part of a building, membership in which entails the prepayment of regular dues, and which is not operated for a profit other than such profits as would accrue to the entire membership.

Sec. 2. Section 422.9, subsection 2, Code 1991, is amended by adding the following new paragraph:

NEW PARAGRAPH. g. Subtract the expenses otherwise deductible under section 162(a) of the Internal Revenue Code which were incurred by a taxpayer with respect to expenditures made at, or payments made to, a club which restricts membership or the use of its services or facilities on the basis of age, sex, marital status, race, religion, color, ancestry, or national origin.

A club described in this lettered paragraph holding an alcoholic beverage license pursuant to chapter 123, shall provide on each receipt furnished to a taxpayer a printed statement as follows: "The expenditures covered by this receipt are nondeductible for state income tax purposes."

For the purposes of this lettered paragraph, a club means any nonprofit corporation or association of individuals, which is the owner, lessee, or occupant of a permanent building or part of a building, membership in which entails the prepayment of regular dues, and which is not operated for a profit other than such profits as would accrue to the entire membership.

Sec. 3. Section 422.35, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 14. Add the expenses otherwise deductible under section 162(a) of the Internal Revenue Code which were incurred by a corporation with respect to expenditures made at, or payments made to, a club which restricts membership or the use of its services or facilities on the basis of age, sex, marital status, race, religion, color, ancestry, or national origin.

A club described in this subsection holding an alcoholic beverage license pursuant to chapter 123, shall provide on each receipt furnished to a taxpayer a printed statement as follows: "The expenditures covered by this receipt are nondeductible for state income tax purposes."

For the purposes of this subsection, a club means any nonprofit corporation or association of individuals, which is the owner, lessee, or occupant of a permanent building or part

of a building, membership in which entails the prepayment of regular dues, and which is not operated for a profit other than such profits as would accrue to the entire membership.

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ROBERT C. ARNOULD  
Speaker of the House

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JOE J. WELSH  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 417, Seventy-fourth General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House

Approved \_\_\_\_\_, 1991

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TERRY E. BRANSTAD  
Governor