

*Reprinted*

FILED JAN 20 1991  
SENATE FILE 83  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 10)

Passed Senate, Date 4/30/91 (p. 1561) Passed House, Date 5/8/91 (p. 2190)

Vote: Ayes 48 Nays 0 Vote: Ayes 94 Nays 3

Approved May 29, 1991

*Amended to recommend (p. 1564)  
" June 5/1/91 (p. 1584)*

A BILL FOR

1 An Act relating to the updating of the references to the federal  
2 Internal Revenue Code, adopting revisions in the research  
3 activities credit and the earned income credit, and providing  
4 applicability and effective dates.

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

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24

SF 83

1 Section 1. Section 422.3, subsection 5, Code 1991, is  
2 amended to read as follows:

3 5. "Internal Revenue Code" means the Internal Revenue Code  
4 of 1954, prior to the date of its redesignation as the  
5 Internal Revenue Code of 1986 by the Tax Reform Act of 1986,  
6 or means the Internal Revenue Code of 1986 as amended to and  
7 including January 1, ~~1990~~ 1991, whichever is applicable.

8 Sec. 2. Section 422.10, unnumbered paragraph 1, Code 1991,  
9 is amended to read as follows:

10 The taxes imposed under this division shall be reduced by a  
11 state tax credit for increasing research activities in this  
12 state. For individuals, the credit equals six and one-half  
13 percent of the state's apportioned share of the qualifying  
14 expenditures for increasing research activities. The state's  
15 apportioned share of the qualifying expenditures for  
16 increasing research activities is a percent equal to the ratio  
17 of qualified research expenditures in this state to total  
18 qualified research expenditures. For purposes of this  
19 section, an individual may claim a research credit for  
20 qualifying research expenditures incurred by a partnership,  
21 subchapter S corporation, estate, or trust electing to have  
22 the income taxed directly to the individual. The amount  
23 claimed by the individual shall be based upon the pro rata  
24 share of the individual's earnings of a partnership,  
25 subchapter S corporation, estate, or trust. For purposes of  
26 this section, "qualifying expenditures for increasing research  
27 activities" means the qualifying expenditures as defined for  
28 the federal credit for increasing research activities which  
29 would be allowable under section 41 of the Internal Revenue  
30 Code in effect on January 1, ~~1990~~ 1991.

31 Sec. 3. Section 422.12B, subsection 1, Code 1991, is  
32 amended to read as follows:

33 1. The taxes imposed under this division, less credits  
34 allowed under sections 422.10 through 422.12, shall be reduced  
35 by an earned income credit equal to six and one-half percent

1 of the federal basic earned income credit ~~received-by-the~~  
2 ~~taxpayer-under~~ and the health insurance credit provided in  
3 section 32(b) of the Internal Revenue Code. Any credit in  
4 excess of the tax liability is nonrefundable.

3661  
3668

5 Sec. 4. Section 422.33, subsection 5, unnumbered paragraph  
6 1, Code 1991, is amended to read as follows:

7 The taxes imposed under this division shall be reduced by a  
8 state tax credit for increasing research activities in this  
9 state equal to six and one-half percent of the state's  
10 apportioned share of the qualifying expenditures for  
11 increasing research activities. The state's apportioned share  
12 of the qualifying expenditures for increasing research  
13 activities is a percent equal to the ratio of qualified  
14 research expenditures in this state to the total qualified  
15 research expenditures. For purposes of this subsection,  
16 "qualifying expenditures for increasing research activities"  
17 means the qualifying expenditures as defined for the federal  
18 credit for increasing research activities which would be  
19 allowable under section 41 of the Internal Revenue Code in  
20 effect on January 1, ~~1990~~ 1991.

21 Sec. 5. Sections 1, 2, and 4 of this Act are retroactive  
22 to January 1, 1990, for tax years beginning on or after that  
23 date.

24 Sec. 6. Section 3 of this Act is retroactive to January 1,  
25 1991, for tax years beginning on or after that date.

26 Sec. 7. This Act, being deemed of immediate importance,  
27 takes effect upon enactment.

28 EXPLANATION

29 This bill updates the references to the federal Internal  
30 Revenue Code, including references in the research activities  
31 credit statutes so the provisions of the federal Revenue  
32 Reconciliation Act of 1990 are applicable for Iowa income tax  
33 purposes. The bill also revises the statute for the earned  
34 income credit so the changes in the federal earned income  
35 credit are adopted for tax years beginning on or after January

1 1, 1991. The bill takes effect upon enactment and applies  
2 retroactively to tax years which begin on or after January 1,  
3 1990.

4  
5

**SENATE FILE 83  
FISCAL NOTE**

A fiscal note for Senate File 83 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 83 updates the references to the federal Internal Revenue Code, including references in the research activities credit statutes so the provisions of the federal Revenue Reconciliation Act of 1990 are applicable for Iowa income tax purposes. The bill also revises the statute for the earned income credit so the changes in the federal earned income credit are adopted for tax years beginning on or after January 1, 1991. The bill takes effect upon enactment and applies retroactively to tax years which begin on or after January 1, 1990.

Fiscal Effect

FY 1991 General Fund (millions)	FY 1992 General Fund (millions)	FY 1993 General Fund (millions)
(\$0.4)	\$2.7	\$4.6

Source: Department of Revenue and Finance

(LSB 1140sv, PDD)

FILED FEBRUARY 4, 1991

BY DENNIS PROUTY, FISCAL DIRECTOR

28  
29  
30  
31  
32  
33  
34  
35

SENATE FILE 83

S-3661

- 1 Amend Senate File 83 as follows:  
2 1. Page 2, by inserting after line 4, the  
3 following:  
4 "Sec. \_\_\_\_ . Section 422.16, subsection 1, Code  
5 1991, is amended by adding the following new  
6 unnumbered paragraph:  
7 NEW UNNUMBERED PARAGRAPH. For the purposes of this  
8 subsection, state income tax shall be withheld from  
9 pensions, annuities, other similar periodic payments,  
10 and other income payments in those circumstances that  
11 federal income tax is withheld from pensions,  
12 annuities, other similar periodic payments, and other  
13 income payments under sections 3402(o), 3402(p),  
14 3402(s), 3405(a), and 3405(b) of the Internal Revenue  
15 Code. A payee of a pension, annuity, or other similar  
16 periodic payment may not elect to exempt pensions,  
17 annuities, other similar periodic payments, and other  
18 income payments from withholding under this  
19 subsection. State income tax shall be withheld from  
20 nonperiodic payments at a rate to be specified by the  
21 department."  
22 2. By renumbering as necessary.

By BILL HUTCHINS

S-3661 FILED APRIL 30, 1991

ADOPTED *4/15/91*

SENATE FILE 83

S-3668

- 1 Amend Senate File 83 as follows:  
2 1. Page 2, by inserting after line 4 the  
3 following:  
4 "Sec. \_\_\_\_ . Section 422.16, subsection 1, Code  
5 1991, is amended by adding the following new  
6 unnumbered paragraph:  
7 NEW UNNUMBERED PARAGRAPH. For the purposes of this  
8 subsection, state income tax shall be withheld from  
9 pensions, annuities, other similar periodic payments,  
10 and other income payments of those persons whose  
11 primary residence is in Iowa, in those circumstances  
12 in which such person has federal income tax withheld  
13 from pensions, annuities, other similar periodic  
14 payments, and other income payments under sections  
15 3402(o), 3402(p), 3402(s), 3405(a) and 3405(b) of the  
16 Internal Revenue Code at a rate to be specified by the  
17 department."

By BILL HUTCHINS

S-3668 FILED MAY 1, 1991

SENATE FILE 83  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 10)  
(AS AMENDED AND PASSED BY THE SENATE APRIL 30, 1991)

\_\_\_\_\_ - New Language by the Senate

Passed Senate, <sup>as amended</sup> Date 5/9/91 (p. 1736) Passed House, Date 5/8/91 (p. 2170)  
Vote: Ayes 41 Nays 5 Vote: Ayes 94 Nays 3  
Approved May 29, 1991

A BILL FOR

1 An Act relating to the updating of the references to the federal  
2 Internal Revenue Code, adopting revisions in the research  
3 activities credit and the earned income credit, and providing  
4 applicability and effective dates.

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

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22

1 Section 1. Section 422.3, subsection 5, Code 1991, is  
2 amended to read as follows:

3 5. "Internal Revenue Code" means the Internal Revenue Code  
4 of 1954, prior to the date of its redesignation as the  
5 Internal Revenue Code of 1986 by the Tax Reform Act of 1986,  
6 or means the Internal Revenue Code of 1986 as amended to and  
7 including January 1, ~~1990~~ 1991, whichever is applicable.

8 Sec. 2. Section 422.10, unnumbered paragraph 1, Code 1991,  
9 is amended to read as follows:

10 The taxes imposed under this division shall be reduced by a  
11 state tax credit for increasing research activities in this  
12 state. For individuals, the credit equals six and one-half  
13 percent of the state's apportioned share of the qualifying  
14 expenditures for increasing research activities. The state's  
15 apportioned share of the qualifying expenditures for  
16 increasing research activities is a percent equal to the ratio  
17 of qualified research expenditures in this state to total  
18 qualified research expenditures. For purposes of this  
19 section, an individual may claim a research credit for  
20 qualifying research expenditures incurred by a partnership,  
21 subchapter S corporation, estate, or trust electing to have  
22 the income taxed directly to the individual. The amount  
23 claimed by the individual shall be based upon the pro rata  
24 share of the individual's earnings of a partnership,  
25 subchapter S corporation, estate, or trust. For purposes of  
26 this section, "qualifying expenditures for increasing research  
27 activities" means the qualifying expenditures as defined for  
28 the federal credit for increasing research activities which  
29 would be allowable under section 41 of the Internal Revenue  
30 Code in effect on January 1, ~~1990~~ 1991.

31 Sec. 3. Section 422.12B, subsection 1, Code 1991, is  
32 amended to read as follows:

33 1. The taxes imposed under this division, less credits  
34 allowed under sections 422.10 through 422.12, shall be reduced  
35 by an earned income credit equal to six and one-half percent

1 of the federal basic earned income credit received-by-the  
2 taxpayer-under and the health insurance credit provided in  
3 section 32(b) of the Internal Revenue Code. Any credit in  
4 excess of the tax liability is nonrefundable.

5 Sec. 4. Section 422.16, subsection 1, Code 1991, is  
6 amended by adding the following new unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. For the purposes of this  
8 subsection, state income tax shall be withheld from pensions,  
9 annuities, other similar periodic payments, and other income  
10 payments in those circumstances that federal income tax is  
11 withheld from pensions, annuities, other similar periodic  
12 payments, and other income payments under sections 3402(o),  
13 3402(p), 3402(s), 3405(a), and 3405(b) of the Internal Revenue  
14 Code. A payee of a pension, annuity, or other similar  
15 periodic payment may not elect to exempt pensions, annuities,  
16 other similar periodic payments, and other income payments  
17 from withholding under this subsection. State income tax  
18 shall be withheld from nonperiodic payments at a rate to be  
19 specified by the department.

20 Sec. 5. Section 422.33, subsection 5, unnumbered paragraph  
21 1, Code 1991, is amended to read as follows:

22 The taxes imposed under this division shall be reduced by a  
23 state tax credit for increasing research activities in this  
24 state equal to six and one-half percent of the state's  
25 apportioned share of the qualifying expenditures for  
26 increasing research activities. The state's apportioned share  
27 of the qualifying expenditures for increasing research  
28 activities is a percent equal to the ratio of qualified  
29 research expenditures in this state to the total qualified  
30 research expenditures. For purposes of this subsection,  
31 "qualifying expenditures for increasing research activities"  
32 means the qualifying expenditures as defined for the federal  
33 credit for increasing research activities which would be  
34 allowable under section 41 of the Internal Revenue Code in  
35 effect on January 1, 1990 1991.



1 Sec. 6. Sections 1, 2, and 5 of this Act are retroactive  
2 to January 1, 1990, for tax years beginning on or after that  
3 date.

4 Sec. 7. Section 3 of this Act is retroactive to January 1,  
5 1991, for tax years beginning on or after that date.

6 Sec. 8. This Act, being deemed of immediate importance,  
7 takes effect upon enactment.

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

## SENATE FILE 83

H-4096

1 Amend amendment, H-4081, to Senate File 83, as  
 2 amended, passed, and reprinted by the Senate, as  
 3 follows:  
 4 1. Page 1, line 5, by striking the word "Sec.  
 5 \_\_\_\_." and inserting the following: "Sec. 200."  
 6 2. Page 1, by inserting after line 18 the  
 7 following:  
 8 "\_\_\_\_. Page 3, by inserting after line 5 the  
 9 following:  
 10 "Sec. \_\_\_\_\_. Section 200 of this Act takes effect  
 11 January 1, 1992, for tax years beginning on or after  
 12 that date."

By DODERER of Johnson

H-4096 FILED MAY 8, 1991  
 ADOPTED (p. 2182)

## SENATE FILE 83

H-4097

1 Amend the amendment, H-4093, to Senate File 83, as  
 2 amended, passed, and reprinted by the Senate, as  
 3 follows:  
 4 1. Page 6, line 15, by striking the word  
 5 "January" and inserting the following: "July".  
 6 2. Page 6, line 20, by striking the word  
 7 "January" and inserting the following: "July".  
 8 3. Page 6, line 32, by striking the word  
 9 "January" and inserting the following: "July".

By DODERER of Johnson

H-4097 FILED MAY 8, 1991  
 ADOPTED (p. 2188)

## SENATE FILE 83

H-4081

1 Amend Senate File 83, as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. Page 2, by striking lines 5 through 19, and  
 4 inserting the following:  
 5 "Sec. \_\_\_\_\_. Section 422.16, subsection 1, Code  
 6 1991, is amended by adding the following new  
 7 unnumbered paragraph:  
 8 NEW UNNUMBERED PARAGRAPH. For the purposes of this  
 9 subsection, state income tax shall be withheld from  
 10 pensions, annuities, other similar periodic payments,  
 11 and other income payments of those persons whose  
 12 primary residence is in Iowa in those circumstances in  
 13 which those persons have federal income tax withheld  
 14 from pensions, annuities, other similar periodic  
 15 payments, and other income payments under sections  
 16 3402(o), 3402(p), 3402(s), 3405(a), and 3405(b) of the  
 17 Internal Revenue Code at a rate to be specified by the  
 18 department."  
 19 2. By renumbering as necessary.

By COMMITTEE ON WAYS AND MEANS  
 GRONINGA of Cerro Gordo,  
 Chairperson

H-4081 FILED MAY 7, 1991  
 Adopted as amended by 4096 5/8/91 (p. 2182)

## SENATE FILE 83

H-4093

1 Amend Senate File 83, as amended, passed, and  
2 reprinted by the Senate, as follows:

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

5 "Section 100. Section 331.602, subsection 21, Code  
6 1991, is amended by striking the subsection.

7 Sec. 101. Section 331.607, subsection 4, Code  
8 1991, is amended by striking the subsection."

9 2. Page 2, by inserting after line 19, the  
10 following:

11 "Sec. 102. Section 422.26, Code 1991, is amended  
12 to read as follows:

13 422.26 LIEN OF TAX -- COLLECTION -- ACTION  
14 AUTHORIZED.

15 Whenever any taxpayer liable to pay a tax and  
16 penalty imposed refuses or neglects to pay the same,  
17 the amount, including any interest, penalty, or  
18 addition to such the tax, together with the costs that  
19 may accrue ~~in-addition-thereto~~, shall be a lien in  
20 favor of the state upon all property and rights to  
21 property, whether real or personal, belonging to said  
22 the taxpayer.

23 The lien ~~shall-attach~~ attaches at the time the tax  
24 becomes due and payable and shall continue for ten  
25 years from the date an assessment is issued unless  
26 sooner released or otherwise discharged. The lien  
27 may, within ten years from the date an assessment is  
28 issued, be extended by filing for record a notice with  
29 the ~~appropriate-county-official-of-any-county~~ office  
30 of the secretary of state and from the time of such  
31 the filing, the lien shall be extended to the property  
32 in such-county the state for ten years, unless sooner  
33 released or otherwise discharged, with no limit on the  
34 number of extensions. Liens having attached prior to  
35 January 1, 1969, will expire on January 1, 1979,  
36 unless extended by the director. The director shall  
37 charge off any account whose lien is allowed to lapse  
38 and may charge off any account and release the  
39 corresponding lien before the lien has lapsed if the  
40 director determines under uniform rules prescribed by  
41 the director that the account is uncollectable or  
42 collection costs involved would not warrant collection  
43 of the amount due.

44 In order to preserve the ~~aforsaid~~ lien against  
45 subsequent mortgagees, purchasers, or judgment  
46 creditors, for value and without notice of the lien,  
47 on any property situated in ~~a-county~~ the state, the  
48 director shall file with the ~~recorder-of-the-county,~~  
49 ~~in-which-said-property-is-located,~~ office of the  
50 secretary of state a notice of said the lien.

H-4093

Page 2

1 The county recorder of each county shall prepare  
 2 and keep in the recorder's office a book to be known  
 3 as "index of income tax liens", so ruled as to show in  
 4 appropriate columns the following data, under the  
 5 names of taxpayers, arranged alphabetically:  
 6----1.---The name of the taxpayer.  
 7----2.---The name "State of Iowa" as claimant.  
 8----3.---Time notice of lien was received.  
 9----4.---Date of notice.  
 10----5.---Amount of lien then due.  
 11----6.---Date of assessment.  
 12 ---7.---When satisfied.

13 The recorder secretary of state shall endorse on  
 14 each notice of lien the day, hour, and minute when  
 15 received and preserve the same, and shall forthwith  
 16 index said the notice in said index book and shall  
 17 forthwith record said lien in the manner provided for  
 18 recording real estate mortgages, and the said by the  
 19 name and either the social security or tax identifying  
 20 number of the person against whom the lien applies.  
 21 The lien shall be effective from the time of the  
 22 indexing thereof.

23 The department shall pay a recording fee as  
 24 provided in section 331.604, for the recording of the  
 25 lien, or for its satisfaction.

26 Upon the payment of a tax as to which the director  
 27 has filed notice with a county recorder the office of  
 28 the secretary of state, the director shall forthwith  
 29 file with said recorder the office of the secretary of  
 30 state a satisfaction of said the tax and the recorder  
 31 secretary of state shall enter said the satisfaction  
 32 on the notice on file in the recorder's secretary of  
 33 state's office and indicate said the fact on the index  
 34 aforesaid.

35 The department shall, substantially as provided in  
 36 sections 445.6 and 445.7, proceed to collect all taxes  
 37 and penalties as soon as practicable after the same  
 38 they become delinquent, except that no property of the  
 39 taxpayer shall be is exempt from the payment of said  
 40 the tax. In the event service has not been made on a  
 41 distress warrant by the officer to whom addressed  
 42 within five days from the date the distress warrant  
 43 was received by the officer, the authorized revenue  
 44 agents of the department are hereby empowered to serve  
 45 and make return of such the warrant to the clerk of  
 46 the district court of the county named in the distress  
 47 warrant, and all subsequent procedure shall be in  
 48 compliance with chapter 626.

49 The attorney general shall, upon the request of the  
 50 director, bring an action at law or in equity, as the

H-4093

Page 3

1 facts may justify, without bond, to enforce payment of  
2 any taxes and penalties, and in ~~such~~ this action the  
3 attorney general shall have the assistance of the  
4 county attorney of the county in which the action is  
5 pending.

6 It is expressly provided that the foregoing  
7 remedies of the state shall be cumulative and that no  
8 action taken by the director or attorney general shall  
9 be construed to be an election on the part of the  
10 state or any of its officers to pursue any remedy  
11 hereunder in this section to the exclusion of any  
12 other remedy provided by law.

13 For purposes of this section, "assessment issued"  
14 means the most recent assessment against the taxpayer  
15 for the tax type and tax period.

16 Sec. 103. NEW SECTION. 422.26A FILING OFFICER.

17 The secretary of state is the filing officer for  
18 notices of liens upon real, tangible, and intangible  
19 property for the obligations payable to the state, and  
20 certificates and notices effecting the liens, if the  
21 person against whose interest the lien applies is a  
22 person as defined in section 4.1, and in the case of a  
23 corporation or a partnership, its principal executive  
24 office is located in this state.

25 Sec. 104. NEW SECTION. 422.26B ELECTRONIC  
26 FILING.

27 1. The director shall coordinate with the office  
28 of the secretary of state the necessary requirements  
29 for completion of electronic filing to properly  
30 provide the secretary of state with the information  
31 necessary to complete the secretary of state's tax  
32 lien index. The information shall include, but is not  
33 limited to, the following:

- 34 a. Full name and middle initial of the taxpayer.
- 35 b. The name "state of Iowa" as claimant.
- 36 c. The time the notice of lien was received.
- 37 d. The date of the notice.
- 38 e. The amount of the lien then due.
- 39 f. The date of assessment.
- 40 g. The social security or tax identifying number.

41 2. The electronic lien index shall be the  
42 prescribed method for the director to record liens  
43 relating to all taxes for which the director is  
44 responsible for collection. These taxes include, but  
45 are not limited to, the personal income tax pursuant  
46 to division II, business tax on corporations pursuant  
47 to division III, retail sales and services tax  
48 pursuant to division IV, taxes on financial  
49 institutions pursuant to division V, hotel and motel  
50 tax pursuant to chapter 422A, local option taxes

H-4093

Page 4

1 pursuant to chapter 422B, use tax pursuant to chapter  
2 423, inheritance tax pursuant to chapter 450,  
3 generation skipping transfer tax pursuant to chapter  
4 450A, qualified use inheritance tax pursuant to  
5 chapter 450B, Iowa estate tax pursuant to chapter 451,  
6 cigarette and tobacco products tax pursuant to chapter  
7 98, motor fuel taxes pursuant to chapter 324, excise  
8 tax on controlled and other substances pursuant to  
9 chapter 421A, and environmental protection charges  
10 pursuant to chapter 424.

11 3. The director in consultation with the secretary  
12 of state shall adopt rules under chapter 17A to  
13 provide for the manner in which the electronic  
14 information will be transmitted to provide the  
15 secretary of state's office with the information  
16 needed to record the liens and the information  
17 necessary to release the liens. The agreement shall  
18 specify the costs, if any, for which the director is  
19 responsible."

20 3. Page 2, by inserting after line 35, the  
21 following:

22 "Sec. 105. NEW SECTION. 584A.1 FEDERAL LIENS.

23 1. APPLICABILITY. Except as provided in chapter  
24 554, chapter 558, or other provision of law, notices  
25 of federal liens, and certificates, and other notices  
26 affecting the liens shall be filed in accordance with  
27 this section. However, notices of federal tax liens  
28 and certificates and notices affecting the federal tax  
29 liens shall only be filed in accordance with this  
30 section.

31 2. FILING OFFICER. The secretary of state is the  
32 filing officer for notices of federal liens, and  
33 certificates and notices affecting liens upon real  
34 property and tangible and intangible personal property  
35 for obligations payable to the United States, if the  
36 person against whose interest the lien applies is a  
37 person as defined in section 4.1.

38 3. FILING PROCEDURES.

39 a. Notices of federal liens, or certificates, or  
40 other notices affecting the liens issued by an agency  
41 of the United States are entitled to be filed without  
42 attestation, certification, or acknowledgment.

43 b. Notices of federal liens, and certificates, and  
44 notices affecting the liens issued by an agency of the  
45 United States may be executed by electronic means in  
46 accordance with an agreement pursuant to chapter 28E  
47 between the federal agency and the secretary of state.

48 c. A notice of federal lien, or certificate or  
49 other notice affecting the lien presented to the  
50 secretary of state shall be indexed by the social

H-4093

Page 5

1 security or tax identifying number of the person  
2 against whom the lien applies.

3 d. Upon request of a person, the secretary of  
4 state shall issue a certificate stating whether there  
5 is on file, on the date and hour stated, a notice of  
6 federal lien, or certificate or notice affecting the  
7 lien naming a particular person, and if a notice or  
8 certificate is on file, giving the date and hour of  
9 filing of each notice or certificate.

10 e. Except as provided in paragraph "f", the fee  
11 for filing and indexing each notice of lien, or  
12 certificate or notice affecting the lien shall be as  
13 provided in section 554.9403. The secretary of state  
14 shall bill an agency of the United States on a monthly  
15 basis for fees for documents filed.

16 f. For the duration of an agreement pursuant to  
17 chapter 28E for the electronic filing and indexing of  
18 notices of federal liens, or certificates or notices  
19 affecting the liens, the fee for filing and indexing  
20 each notice of federal lien, or certificate or notice  
21 affecting the lien shall be no more than a reasonable  
22 estimate of the cost of providing the electronic  
23 filing service, not to exceed the cost imposed by  
24 section 554.9403 for the filing of a financing  
25 statement.

26 4. TRANSITIONAL PROVISIONS.

27 a. On July 1, 1992, or a later date mutually  
28 agreed upon by an agency of the United States and the  
29 secretary of state and adopted by rule by the  
30 secretary of state, an agency of The United States  
31 that has filed a notice of federal lien, or  
32 certificate or notice affecting the lien in this  
33 state, may exchange information with the secretary of  
34 state concerning all effective notices of liens upon  
35 real property, and tangible and intangible personal  
36 property for obligations payable to the United States,  
37 including information concerning all certificates and  
38 notices affecting the liens, filed against any person  
39 under this statute, former section 331.609, or any  
40 predecessor statute. On July 1, 1992, or such  
41 alternate date as may be specified pursuant to this  
42 subsection, the notices of liens and certificates and  
43 notices affecting the liens contained in the federal  
44 agency's information exchange with the secretary of  
45 state shall constitute the official public record of  
46 the federal liens in this state.

47 b. This section has no effect on the validity of  
48 notices of federal liens, or certificates or other  
49 notices affecting the liens that have been filed in  
50 any location in this state against real or personal

H-4093

Page 6

1 property and that are effective on the effective date  
2 of this Act. The transfer of information pursuant to  
3 paragraph "a" of this subsection shall constitute no  
4 more than the transfer of the public record of the  
5 notices of liens from the former filing officers to  
6 the secretary of state and shall not affect the filing  
7 date, duration, priority, or any other characteristic  
8 of the notices of liens or their underlying statutory  
9 liens in any respect.

10 c. A notice or other document that affects a  
11 federal lien filed prior to the effective date of this  
12 Act shall be filed pursuant to this section.

13 Sec. 106. The director shall file all tax liens  
14 with the office of the county recorder and the office  
15 of the secretary of state until January 1, 1993, at  
16 which time, all tax liens shall be filed pursuant to  
17 section 422.26. Failure by the director to file a tax  
18 lien with the office of the county recorder and the  
19 office of the secretary of state during the period  
20 beginning July 1, 1992, and ending January 1, 1993,  
21 shall not invalidate the lien. The refiling of a tax  
22 lien in the office of the county recorder to the  
23 office of the secretary of state in order to comply  
24 with this Act shall not affect the original filing  
25 date of a tax lien for purposes of preserving a tax  
26 lien against subsequent mortgages, purchasers, or  
27 judgment credits.

28 Sec. \_\_\_\_\_. Section 331.609, Code 1991, is repealed.

29 Sec. \_\_\_\_\_. Sections 102 through 106 of this Act are  
30 effective July 1, 1992.

31 Sec. \_\_\_\_\_. Sections 100 and 101 of this Act are  
32 effective January 1, 1993."

33 4. Title page, line 3, by inserting after the  
34 words "income credit," the following: "federal and  
35 state tax liens,".

By DODERER of Johnson

H-4093 FILED MAY 8, 1991

NOT GERMANE, RULES SUSPENDED AND WITHDRAWN (p 2189)



HOUSE AMENDMENT TO  
SENATE FILE 83

S-3740

1 Amend Senate File 83, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 2, by striking lines 5 through 19, and  
4 inserting the following:

5 "Sec. 200. Section 422.16, subsection 1, Code  
6 1991, is amended by adding the following new  
7 unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. For the purposes of this  
9 subsection, state income tax shall be withheld from  
10 pensions, annuities, other similar periodic payments,  
11 and other income payments of those persons whose  
12 primary residence is in Iowa in those circumstances in  
13 which those persons have federal income tax withheld  
14 from pensions, annuities, other similar periodic  
15 payments, and other income payments under sections  
16 3402(o), 3402(p), 3402(s), 3405(a), and 3405(b) of the  
17 Internal Revenue Code at a rate to be specified by the  
18 department."

19 2. Page 3, by inserting after line 5 the  
20 following:

21 "Sec. \_\_\_\_\_. Section 200 of this Act takes effect  
22 January 1, 1992, for tax years beginning on or after  
23 that date."

24 3. By renumbering as necessary.

RECEIVED FROM THE HOUSE

S-3740 FILED MAY 9, 1991  
CONCURRED (p. 1736)

**SENATE FILE 83  
FISCAL NOTE**

---

A fiscal note for Senate File 83 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

---

Senate File 83 updates the references to the federal Internal Revenue Code, including references in the research activities credit statutes so the provisions of the federal Revenue Reconciliation Act of 1990 are applicable for Iowa income tax purposes. The bill also revises the statute for the earned income credit so the changes in the federal earned income credit are adopted for tax years beginning on or after January 1, 1991. The bill takes effect upon enactment and applies retroactively to tax years which begin on or after January 1, 1990.

Additionally, the bill includes language requiring withholding from pensions, annuities, other similar periodic payments, and other income payments under certain sections of the Internal Revenue Code. For residents receiving this income, withholding of state income tax would be required. For nonresident recipients of this income, withholding would also be required, however, it should be noted that withholding is already required on this income distributed to nonresidents under Chapter 422.16(12), Iowa Code.

FISCAL IMPACT

**Nonresident Pension Withholding Portion of the Bill**

The language on withholding of income on pensions and annuities may clarify to withholding agents that withholding is required when this type of income is distributed to nonresidents. The Department has estimated that full compliance by nonresident pension recipients might generate approximately \$5.0 to \$10.0 million in additional revenue. To the extent this language clarifies current statutory language under Chapter 422.16(12), Iowa Code, and to the extent it generates greater compliance, the language would generate additional revenue.

**Internal Revenue Code Update Portion of the Bill**

FY 1991 General Fund (millions)	FY 1992 General Fund (millions)	FY 1993 General Fund (millions)
(\$0.4)	\$2.7	\$4.6

Source: Department of Revenue and Finance

(LSB 1140sv.3, PDD)

FILED MAY 6, 1991

BY DENNIS PROUTY, FISCAL DIRECTOR

SZYMONIAK, CH.  
ROSENBERG  
FUHRMAN

SSB 10  
WAYS AND MEANS

SENATE/HOUSE FILE 83  
BY (PROPOSED DEPARTMENT OF  
REVENUE AND FINANCE BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the updating of the references to the federal  
2 Internal Revenue Code, adopting revisions in the research  
3 activities credit and the earned income credit, and providing  
4 applicability and effective dates.

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

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

1 Section 1. Section 422.3, subsection 5, Code 1991, is  
2 amended to read as follows:

3 5. "Internal Revenue Code" means the Internal Revenue Code  
4 of 1954, prior to the date of its redesignation as the  
5 Internal Revenue Code of 1986 by the Tax Reform Act of 1986,  
6 or means the Internal Revenue Code of 1986 as amended to and  
7 including January 1, ~~1990~~ 1991, whichever is applicable.

8 Sec. 2. Section 422.10, unnumbered paragraph 1, Code 1991,  
9 is amended to read as follows:

10 The taxes imposed under this division shall be reduced by a  
11 state tax credit for increasing research activities in this  
12 state. For individuals, the credit equals six and one-half  
13 percent of the state's apportioned share of the qualifying  
14 expenditures for increasing research activities. The state's  
15 apportioned share of the qualifying expenditures for  
16 increasing research activities is a percent equal to the ratio  
17 of qualified research expenditures in this state to total  
18 qualified research expenditures. For purposes of this  
19 section, an individual may claim a research credit for  
20 qualifying research expenditures incurred by a partnership,  
21 subchapter S corporation, estate, or trust electing to have  
22 the income taxed directly to the individual. The amount  
23 claimed by the individual shall be based upon the pro rata  
24 share of the individual's earnings of a partnership,  
25 subchapter S corporation, estate, or trust. For purposes of  
26 this section, "qualifying expenditures for increasing research  
27 activities" means the qualifying expenditures as defined for  
28 the federal credit for increasing research activities which  
29 would be allowable under section 41 of the Internal Revenue  
30 Code in effect on January 1, ~~1990~~ 1991.

31 Sec. 3. Section 422.12B, subsection 1, Code 1991, is  
32 amended to read as follows:

33 1. The taxes imposed under this division, less credits  
34 allowed under sections 422.10 through 422.12, shall be reduced  
35 by an earned income credit equal to six and one-half percent

1 of the federal basic earned income credit received-by-the  
2 taxpayer-under and the health insurance credit provided in  
3 section 32(b) of the Internal Revenue Code. Any credit in  
4 excess of the tax liability is nonrefundable.

5 Sec. 4. Section 422.33, subsection 5, unnumbered paragraph  
6 1, Code 1991, is amended to read as follows:

7 The taxes imposed under this division shall be reduced by a  
8 state tax credit for increasing research activities in this  
9 state equal to six and one-half percent of the state's  
10 apportioned share of the qualifying expenditures for  
11 increasing research activities. The state's apportioned share  
12 of the qualifying expenditures for increasing research  
13 activities is a percent equal to the ratio of qualified  
14 research expenditures in this state to the total qualified  
15 research expenditures. For purposes of this subsection,  
16 "qualifying expenditures for increasing research activities"  
17 means the qualifying expenditures as defined for the federal  
18 credit for increasing research activities which would be  
19 allowable under section 41 of the Internal Revenue Code in  
20 effect on January 1, ~~1990~~ 1991.

21 Sec. 5. Sections 1, 2, and 4 of this Act are retroactive  
22 to January 1, 1990, for tax years beginning on or after that  
23 date.

24 Sec. 6. Section 3 of this Act is retroactive to January 1,  
25 1991, for tax years beginning on or after that date.

26 Sec. 7. This Act, being deemed of immediate importance,  
27 takes effect upon enactment.

28 EXPLANATION

29 This bill updates the references to the federal Internal  
30 Revenue Code, including references in the research activities  
31 credit statutes so the provisions of the federal Revenue  
32 Reconciliation Act of 1990 are applicable for Iowa income tax  
33 purposes. The bill also revises the statute for the earned  
34 income credit so the changes in the federal earned income  
35 credit are adopted for tax years beginning on or after January

1 1, 1991. The bill takes effect upon enactment and applies  
2 retroactively to tax years which begin on or after January 1,  
3 1990.

4 BACKGROUND STATEMENT  
5 SUBMITTED BY THE AGENCY

6 Section 1 revises subsection 5 of Iowa Code section 422.3  
7 to include the changes made in the Internal Revenue Code in  
8 the 1990 calendar year, so that all references to the Internal  
9 Revenue Code in the Iowa Code are deemed to incorporate the  
10 federal income tax changes made by Congress in 1990.

11 Section 2 revises the research activities credit for state  
12 individual income tax purposes so it includes the changes in  
13 the federal credit that were made in the Revenue  
14 Reconciliation Act of 1990.

15 Section 3 revises the earned income credit for state  
16 individual income tax purposes so the extensive federal  
17 changes made in the credit in 1990 are adopted.

18 Section 4 revises the research activities credit for state  
19 corporate income tax purposes so it includes changes in the  
20 federal credit that occurred in 1990.

21 Section 5 makes the revision in sections 1, 2, and 4  
22 retroactive to January 1, 1990, for tax years beginning on or  
23 after that date.

24 Section 6 makes the revision in section 3 retroactive to  
25 January 1, 1991, for tax years beginning on or after that  
26 date.

27 Section 7 makes the bill effective as soon as it is  
28 enacted.

29  
30  
31  
32  
33  
34  
35

SENATE FILE 83

AN ACT

RELATING TO THE UPDATING OF THE REFERENCES TO THE FEDERAL  
INTERNAL REVENUE CODE, ADOPTING REVISIONS IN THE RESEARCH  
ACTIVITIES CREDIT AND THE EARNED INCOME CREDIT, AND PRO-  
VIDING APPLICABILITY AND EFFECTIVE DATES.

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

Section 1. Section 422.3, subsection 5, Code 1991, is amended to read as follows:

5. "Internal Revenue Code" means the Internal Revenue Code of 1954, prior to the date of its redesignation as the

Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended to and including January 1, ~~1990~~ 1991, whichever is applicable.

Sec. 2. Section 422.10, unnumbered paragraph 1, Code 1991, is amended to read as follows:

The taxes imposed under this division shall be reduced by a state tax credit for increasing research activities in this state. For individuals, the credit equals six and one-half percent of the state's apportioned share of the qualifying expenditures for increasing research activities. The state's apportioned share of the qualifying expenditures for increasing research activities is a percent equal to the ratio of qualified research expenditures in this state to total qualified research expenditures. For purposes of this section, an individual may claim a research credit for qualifying research expenditures incurred by a partnership, subchapter S corporation, estate, or trust electing to have the income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of a partnership, subchapter S corporation, estate, or trust. For purposes of this section, "qualifying expenditures for increasing research activities" means the qualifying expenditures as defined for the federal credit for increasing research activities which would be allowable under section 41 of the Internal Revenue Code in effect on January 1, ~~1990~~ 1991.

Sec. 3. Section 422.12B, subsection 1, Code 1991, is amended to read as follows:

1. The taxes imposed under this division, less credits allowed under sections 422.10 through 422.12, shall be reduced by an earned income credit equal to six and one-half percent of the federal basic earned income credit received-by-the taxpayer-under and the health insurance credit provided in section 32**(b)** of the Internal Revenue Code. Any credit in excess of the tax liability is nonrefundable.

Sec. 4. Section 422.16, subsection 1, Code 1991, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. For the purposes of this subsection, state income tax shall be withheld from pensions, annuities, other similar periodic payments, and other income payments of those persons whose primary residence is in Iowa in those circumstances in which those persons have federal income tax withheld from pensions, annuities, other similar periodic payments, and other income payments under sections 3402(o), 3402(p), 3402(s), 3405(a), and 3405(b) of the Internal Revenue Code at a rate to be specified by the department.

Sec. 5. Section 422.33, subsection 5, unnumbered paragraph 1, Code 1991, is amended to read as follows:

The taxes imposed under this division shall be reduced by a state tax credit for increasing research activities in this state equal to six and one-half percent of the state's apportioned share of the qualifying expenditures for increasing research activities. The state's apportioned share of the qualifying expenditures for increasing research activities is a percent equal to the ratio of qualified research expenditures in this state to the total qualified research expenditures. For purposes of this subsection, "qualifying expenditures for increasing research activities" means the qualifying expenditures as defined for the federal credit for increasing research activities which would be allowable under section 41 of the Internal Revenue Code in effect on January 1, 1990 1991.

Sec. 6. Sections 1, 2, and 5 of this Act are retroactive to January 1, 1990, for tax years beginning on or after that date.

Sec. 7. Section 3 of this Act is retroactive to January 1, 1991, for tax years beginning on or after that date.

Sec. 8. Section 4 of this Act takes effect January 1, 1992, for tax years beginning on or after that date.

Sec. 9. This Act, being deemed of immediate importance, takes effect upon enactment.

---

JOE J. WELSH  
President of the Senate

---

ROBERT C. ARNOULD  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 83, Seventy-fourth General Assembly.

---

JOHN P. DWYER  
Secretary of the Senate

Approved May 29, 1991

---

TERRY E. BRANSTAD  
Governor