

FEB 3 1993
Place On Calendar

HOUSE FILE 111
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 8)

Passed Senate, Date 2-1-93 (P. 357)
Vote: Ayes 42 Nays 0
Approved May 11, 1993
Repaired 50/6
4-29-93 P. 1447
Passed House, Date 3-9-93 (P. 211)
Vote: Ayes 57 Nays 42
Repaired
A BILL FOR

1 An Act updating the Iowa Code references to the federal Internal
2 Revenue Code and providing retroactive applicability and
3 effective dates.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HOUSE FILE 111

S-3034

1 Amend House File 111, as passed by the House, as
2 follows:
3 1. Page 1, by inserting before line 1, the
4 following:
5 "Section 1. NEW SECTION. 421.11 LEGISLATIVE
6 INTENT REGARDING EXCISE TAXES.
7 It is the understanding and intent of the Seventy-
8 fourth and Seventy-fifth General Assemblies that the
9 term "excise tax" as used in 1992 Iowa Acts, chapter
10 1249, and Senate Joint Resolution 2, if passed by the
11 Seventy-fifth General Assembly, which propose a
12 constitutional amendment relating to fish and game
13 protection funds, is limited to those excise taxes
14 imposed by the United States government."
15 2. Page 2, line 12, by striking the word "This"
16 and inserting the following: "Except for section 1 of
17 this Act, this".
18 3. By renumbering sections as needed.

By WILLIAM W. DIELEMAN

S-3034 FILED FEBRUARY 11, 1993 Adopted 2-18-93 (P. 357)

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111 111

1 Section 1. Section 422.3, subsection 4, Code 1993, is
2 amended to read as follows:

3 4. "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, ~~1992~~ 1993, whichever is applicable.

8 Sec. 2. Section 422.10, unnumbered paragraph 1, Code 1993,
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, ~~1992~~ 1993.

31 Sec. 3. Section 422.33, subsection 5, unnumbered paragraph
32 1, Code 1993, is amended to read as follows:

33 The taxes imposed under this division shall be reduced by a
34 state tax credit for increasing research activities in this
35 state equal to six and one-half percent of the state's

1 apportioned share of the qualifying expenditures for
 2 increasing research activities. The state's apportioned share
 3 of the qualifying expenditures for increasing research
 4 activities is a percent equal to the ratio of qualified
 5 research expenditures in this state to the total qualified
 6 research expenditures. For purposes of this subsection,
 7 "qualifying expenditures for increasing research activities"
 8 means the qualifying expenditures as defined for the federal
 9 credit for increasing research activities which would be
 10 allowable under section 41 of the Internal Revenue Code in
 11 effect on January 1, ~~1991~~ 1993.

12 Sec. 4. This Act applies retroactively to January 1, 1992,
 13 for tax years beginning on or after that date.

14 Sec. 5. This Act, being deemed of immediate importance,
 15 takes effect upon enactment.

16 EXPLANATION

17 The bill updates the Iowa Code references to the Internal
 18 Revenue Code, including references in the research activities
 19 credit statutes, in order to include 1992 federal statutory
 20 changes. The updated references apply retroactively to tax
 21 years beginning on or after January 1, 1992. The bill takes
 22 effect upon enactment.

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HOUSE FILE 111
FISCAL NOTE

A fiscal note for House File 111 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.

House File 111 updates the Iowa Code references to the Internal Revenue Code, including references in the research activities credit statutes, to include 1992 federal statutory changes. The updated references apply retroactively to tax years beginning on or after January 1, 1992. The bill takes effect upon enactment.

Fiscal Impact

It is estimated that there will be a \$500,000 increase in General Fund revenues in FY 1993 and FY 1994 due to this bill.

Source: Department of Revenue and Finance

(LSB 1103hv, PDD)

FILED FEBRUARY 8, 1993

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 111

H-3047

1 Amend House File 111 as follows:

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

4 "Sec. ____ . Section 422.9, subsection 1, Code 1993,
5 is amended to read as follows:

6 1. An optional standard deduction, after deduction
7 of federal income tax, equal to one thousand two
8 hundred thirty dollars for a married person who files
9 separately or a single person or equal to three
10 thousand thirty dollars for a husband and wife who
11 file a joint return, a surviving spouse, or an
12 unmarried head of household. The optional standard
13 deduction shall not exceed the amount remaining after
14 deduction of the federal income tax. For tax years
15 beginning on or after January 1, 1993, in computing
16 the maximum amount of federal income taxes paid or
17 accrued which may be deducted, the amount shall not
18 exceed the amount of tax liability if the federal
19 taxable income for the current tax year is multiplied
20 by the rates in effect for the tax year beginning
21 January 1, 1992.

22 Sec. ____ . Section 422.9, subsection 2, paragraph
23 b, Code 1993, is amended to read as follows:

24 b. Add the amount of federal income taxes paid or
25 accrued as the case may be, during the tax year,
26 adjusted by any federal income tax refunds. Provided,
27 however, that where married persons, who have filed a
28 joint federal income tax return, file separately, such
29 total shall be divided between them according to the
30 portion thereof paid or accrued, as the case may be,
31 by each. For tax years beginning on or after January
32 1, 1993, in computing the maximum amount of federal
33 income taxes paid or accrued which may be deducted,
34 the amount shall not exceed the amount of tax
35 liability if the federal taxable income for the
36 current tax year is multiplied by the rates in effect
37 for the tax year beginning January 1, 1992."

38 2. By renumbering as necessary.

By BRAMMER of Linn	DVORSKY of Johnson
DODERER of Johnson	OSTERBERG of Linn
BEATTY of Warren	O'BRIEN of Boone
MORELAND of Wapello	OLLIE of Clinton
MURPHY of Dubuque	NELSON of Pottawattamie
PETERSON of Carroll	BELL of Jasper
BERNAU of Story	MAY of Worth
HALVORSON of Webster	FALLON of Polk
KREIMAN of Davis	McCOY of Polk
HENDERSON of Scott	CATALDO of Polk
JOCHUM of Dubuque	ARNOULD of Scott
BAKER of Polk	CONNORS of Polk
HARPER of Black Hawk	SCHRADER of Marion
BURKE of Marshall	HOLVECK of Polk
DICKINSON of Jackson	MUNDIE of Webster
GILL of Woodbury	RENAUD of Polk
RUNNING of Linn	COHOON of Des Moines
NEUHAUSER of Johnson	MERTZ of Kossuth
BRAND of Benton	FOGARTY of Palo Alto

H-3047 FILED FEBRUARY 9, 1993

Motion to Suspend Rules Lost

SENATE AMENDMENT TO HOUSE FILE 111

H-3129

1 Amend House File 111, as passed by the House, as
2 follows:

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

5 "Section 1. NEW SECTION. 421.11 LEGISLATIVE
6 INTENT REGARDING EXCISE TAXES.

7 It is the understanding and intent of the Seventy-
8 fourth and Seventy-fifth General Assemblies that the
9 term "excise tax" as used in 1992 Iowa Acts, chapter
10 1249, and Senate Joint Resolution 2, if passed by the
11 Seventy-fifth General Assembly, which propose a
12 constitutional amendment relating to fish and game
13 protection funds, is limited to those excise taxes
14 imposed by the United States government."

15 2. Page 2, line 12, by striking the word "This"
16 and inserting the following: "Except for section 1 of
17 this Act, this".

18 3. By renumbering sections as needed.

RECEIVED FROM THE SENATE

H-3129 FILED FEBRUARY 23, 1993

House Refused 4/28/93

(P. 1777)

Senate Received 4-29-93 (A. 1447)

Carpenter, chair

Dinella

Greig

Gill

Holbeck

HSB 8

WAYS AND MEANS

SENATE/HOUSE FILE 111

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 updating the Iowa Code references to the federal Internal
2 Revenue Code and providing retroactive applicability and
3 effective dates.

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

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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, ~~1992~~ 1993, whichever is applicable.

8 Sec. 2. Section 422.10, unnumbered paragraph 1, Code 1993,
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, ~~1991~~ 1993.

31 Sec. 3. Section 422.33, subsection 5, unnumbered paragraph
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34 state tax credit for increasing research activities in this
35 state equal to six and one-half percent of the state's

1 apportioned share of the qualifying expenditures for
2 increasing research activities. The state's apportioned share
3 of the qualifying expenditures for increasing research
4 activities is a percent equal to the ratio of qualified
5 research expenditures in this state to the total qualified
6 research expenditures. For purposes of this subsection,
7 "qualifying expenditures for increasing research activities"
8 means the qualifying expenditures as defined for the federal
9 credit for increasing research activities which would be
10 allowable under section 41 of the Internal Revenue Code in
11 effect on January 1, ~~1991~~ 1993.

12 Sec. 4. This Act applies retroactively to January 1, 1992,
13 for tax years beginning on or after that date.

14 Sec. 5. This Act, being deemed of immediate importance,
15 takes effect upon enactment.

16 EXPLANATION

17 The bill updates the Iowa Code references to the Internal
18 Revenue Code, including references in the research activities
19 credit statutes, in order to include 1992 federal statutory
20 changes. The updated references apply retroactively to tax
21 years beginning on or after January 1, 1992. The bill takes
22 effect upon enactment.

23 BACKGROUND STATEMENT

24 SUBMITTED BY THE AGENCY

25 Section 1 amends subsection 5 of Iowa Code section 422.3 to
26 include the changes made in the Internal Revenue Code in the
27 1992 calendar year, so that all references to the Internal
28 Revenue Code in the Iowa Code are deemed to incorporate the
29 federal income tax changes made by Congress in 1992.

30 Section 2 amends the research activities credit for state
31 individual income tax purposes so it includes changes in the
32 federal credit that occurred in 1992.

33 Section 3 amends the research activities credit for state
34 corporate income tax purposes so it includes changes in the
35 federal credit that occurred in 1992.

1 Section 4 provides that the Act is retroactive to January
2 1, 1992, for tax years beginning on or after that date.

3 Section 5 makes the bill effective immediately upon
4 enactment.

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HOUSE FILE 111

AN ACT

UPDATING THE IOWA CODE REFERENCES TO THE FEDERAL INTERNAL REVENUE CODE AND PROVIDING RETROACTIVE APPLICABILITY AND EFFECTIVE DATES.

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

Section 1. Section 422.3, subsection 4, Code 1993, is amended to read as follows:

4. "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, ~~1992~~ 1993, whichever is applicable.

Sec. 2. Section 422.10, unnumbered paragraph 1, Code 1993, 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, ~~1992~~ 1993.

Sec. 3. Section 422.33, subsection 5, unnumbered paragraph 1, Code 1993, 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, ~~1992~~ 1993.

Sec. 4. This Act applies retroactively to January 1, 1992, for tax years beginning on or after that date.

Sec. 5. This Act, being deemed of immediate importance, takes effect upon enactment.

HAROLD VAN MAANEN
Speaker of the House

LEONARD L. BOSWELL
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 111, Seventy-fifth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved May 11, 1993

TERRY E. BRANSTAD
Governor