

*Substituted by SF 201
4-18-95
(P. 1666)*

FEB 13 1995

WAYS & MEANS CALENDAR

HOUSE FILE 164
BY COMMITTEE ON WAYS AND MEANS

WITHDRAWN

(SUCCESSOR TO HSB 25)

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

A BILL FOR

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

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

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WITHDRAWN

HF 164

1 Section 1. Section 15A.9, subsection 8, unnumbered
2 paragraph 2, Code 1995, is amended to read as follows:

3 For the purposes of this section, "qualifying expenditures
4 for increasing research activities" means the qualifying
5 expenditures as defined for the federal credit for increasing
6 research activities which would be allowable under section 41
7 of the Internal Revenue Code in effect on January 1, ~~1994~~
8 1995. The credit authorized in this subsection is in lieu of
9 the credit authorized in section 422.33, subsection 5.

10 Sec. 2. Section 422.3, subsection 4, Code 1995, is amended
11 to read as follows:

12 4. "Internal Revenue Code" means the Internal Revenue Code
13 of 1954, prior to the date of its redesignation as the
14 Internal Revenue Code of 1986 by the Tax Reform Act of 1986,
15 or means the Internal Revenue Code of 1986 as amended to and
16 including January 1, ~~1994~~ 1995, whichever is applicable.

17 Sec. 3. Section 422.10, unnumbered paragraph 1, Code 1995,
18 is amended to read as follows:

19 The taxes imposed under this division shall be reduced by a
20 state tax credit for increasing research activities in this
21 state. For individuals, the credit equals six and one-half
22 percent of the state's apportioned share of the qualifying
23 expenditures for increasing research activities. The state's
24 apportioned share of the qualifying expenditures for
25 increasing research activities is a percent equal to the ratio
26 of qualified research expenditures in this state to total
27 qualified research expenditures. For purposes of this
28 section, an individual may claim a research credit for
29 qualifying research expenditures incurred by a partnership,
30 subchapter S corporation, estate, or trust electing to have
31 the income taxed directly to the individual. The amount
32 claimed by the individual shall be based upon the pro rata
33 share of the individual's earnings of a partnership,
34 subchapter S corporation, estate, or trust. For purposes of
35 this section, "qualifying expenditures for increasing research

1 activities" means the qualifying expenditures as defined for
2 the federal credit for increasing research activities which
3 would be allowable under section 41 of the Internal Revenue
4 Code in effect on January 1, ~~1994~~ 1995.

5 Sec. 4. Section 422.33, subsection 5, unnumbered paragraph
6 1, Code 1995, 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, ~~1994~~ 1995.

21 Sec. 5. This Act applies retroactively to January 1, 1994,
22 for tax years beginning on or after that date.

23 Sec. 6. This Act, being deemed of immediate importance,
24 takes effect upon enactment.

25 EXPLANATION

26 This bill updates the references to the Internal Revenue
27 Code to make the federal income tax changes enacted by
28 Congress in 1994 applicable for Iowa income tax purposes. The
29 bill updates the Iowa Code references for the state research
30 credits for individuals and corporations to include changes in
31 the federal research activities credits.

32 The bill takes effect immediately upon enactment and
33 applies retroactively to tax years beginning on or after
34 January 1, 1994.

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HOUSE FILE 164

H-3531

1 Amend House File 164 as follows:

2 1. Page 1, by inserting after line 16 the
3 following:

4 "Sec. _____. Section 422.7, Code 1995, is amended by
5 adding the following new subsection:

6 NEW SUBSECTION. 33. Subtract the amount of the
7 employer social security credit allowable for the tax
8 year under section 45B of the Internal Revenue Code to
9 the extent that the credit increases federal adjusted
10 gross income."

11 2. Page 2, by inserting after line 20 the
12 following:

13 "Sec. _____. Section 422.35, Code 1995, is amended
14 by adding the following new subsection:

15 NEW SUBSECTION. 17. Subtract the amount of the
16 employer social security credit allowable for the tax
17 year under section 45B of the Internal Revenue Code to
18 the extent that the credit increases federal adjusted
19 gross income."

20 3. Title page, line 2, by inserting after the
21 word "Code" the following: ", allowing a deduction
22 for the employer social security credit,".

By DINKLA of Guthrie
BERNAU of Story

H-3531 FILED MARCH 28, 1995

HOUSE FILE 164

H-3907

1 Amend House File 164 as follows:

2 1. Page 1, line 16, by striking the word and
3 figures "January 1, 1994" and inserting the following:
4 "~~January 1, 1994~~ April 15,".

By HALVORSON of Clayton

H-3907 FILED APRIL 12, 1995

WAYS AND MEANS

Succeeded By

SENATE/HOUSE FILE

BY (PROPOSED DEPARTMENT OF

REVENUE AND FINANCE BILL)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

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2 Code and providing retroactive applicability and effective
3 dates.

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25 increasing research activities is a percent equal to the ratio
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31 the income taxed directly to the individual. The amount
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34 subchapter S corporation, estate, or trust. For purposes of
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27 Code to make the federal income tax changes enacted by
28 Congress in 1994 applicable for Iowa income tax purposes. The
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30 credits for individuals and corporations to include changes in
31 the federal research activities credits.

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34 January 1, 1994.

35 BACKGROUND STATEMENT

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SUBMITTED BY THE AGENCY

Section 1 amends Iowa Code section 15A.9 to update the reference to the Internal Revenue Code as it applies to qualified research activities credits for corporations in quality jobs enterprise zones.

Section 2 amends subsection 4 of Iowa Code section 422.3 to include the changes made in the Internal Revenue Code in the 1994 calendar year, so that references to the Internal Revenue Code in the Iowa Code are deemed to include the federal income tax changes made by Congress in 1994.

Section 3 amends the research activities credit for individuals in Iowa Code section 422.10 to include changes in the federal research activities credit.

Section 4 amends the research activities credit for corporations in subsection 5 of Iowa Code section 422.33 to include changes in the federal research activities credit.

Section 5 provides that the bill is retroactively applicable to January 1, 1994, for tax years beginning on or after that date.

Section 6 makes the bill effective immediately upon enactment.