

Senate Study Bill 2024

Conference Committee Text

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1 1 Section 1. Section [15A.9](#), subsection 8, unnumbered
1 2 paragraph 2, Code Supplement 1995, is amended to read as
1 3 follows:
1 4 For the purposes of this section, "qualifying expenditures
1 5 for increasing research activities" means the qualifying
1 6 expenditures as defined for the federal credit for increasing
1 7 research activities which would be allowable under section 41
1 8 of the Internal Revenue Code in effect on January 1,

~~1995~~

1 9 [1996](#). The credit authorized in this subsection is in lieu of
1 10 the credit authorized in section 422.33, subsection 5.
1 11 Sec. 2. Section [422.3](#), subsection 4, Code Supplement 1995,
1 12 is amended to read as follows:
1 13 4. "Internal Revenue Code" means the Internal Revenue Code
1 14 of 1954, prior to the date of its redesignation as the
1 15 Internal Revenue Code of 1986 by the Tax Reform Act of 1986,
1 16 or means the Internal Revenue Code of 1986 as amended to and
1 17 including

~~April 15, 1995~~

- [January 1, 1996](#), whichever is
1 18 applicable.

1 19 Sec. 3. Section 422.10, unnumbered paragraph 1, Code
1 20 Supplement 1995, is amended to read as follows:
1 21 The taxes imposed under this division shall be reduced by a
1 22 state tax credit for increasing research activities in this
1 23 state. For individuals, the credit equals six and one-half
1 24 percent of the state's apportioned share of the qualifying
1 25 expenditures for increasing research activities. The state's
1 26 apportioned share of the qualifying expenditures for
1 27 increasing research activities is a percent equal to the ratio
1 28 of qualified research expenditures in this state to total
1 29 qualified research expenditures. For purposes of this
1 30 section, an individual may claim a research credit for
1 31 qualifying research expenditures incurred by a partnership,
1 32 subchapter S corporation, estate, or trust electing to have
1 33 the income taxed directly to the individual. The amount
1 34 claimed by the individual shall be based upon the pro rata
1 35 share of the individual's earnings of a partnership,
2 1 subchapter S corporation, estate, or trust. For purposes of
2 2 this section, "qualifying expenditures for increasing research
2 3 activities" means the qualifying expenditures as defined for
2 4 the federal credit for increasing research activities which
2 5 would be allowable under section 41 of the Internal Revenue
2 6 Code in effect on January 1,

~~1995~~

- [1996](#).
2 7 Sec. 4. Section [422.33](#), subsection 5, unnumbered paragraph
2 8 1, Code Supplement 1995, is amended to read as follows:
2 9 The taxes imposed under this division shall be reduced by a
2 10 state tax credit for increasing research activities in this
2 11 state equal to six and one-half percent of the state's
2 12 apportioned share of the qualifying expenditures for

2 13 increasing research activities. The state's apportioned share
2 14 of the qualifying expenditures for increasing research
2 15 activities is a percent equal to the ratio of qualified
2 16 research expenditures in this state to the total qualified
2 17 research expenditures. For purposes of this subsection,
2 18 "qualifying expenditures for increasing research activities"
2 19 means the qualifying expenditures as defined for the federal
2 20 credit for increasing research activities which would be
2 21 allowable under section 41 of the Internal Revenue Code in
2 22 effect on January 1,

~~1995~~

- 1996.

2 23 Sec. 5. RETROACTIVE APPLICABILITY. This Act applies
2 24 retroactively to January 1, 1995, for tax years beginning on
2 25 or after that date.

2 26 Sec. 6. EFFECTIVE DATE. This Act, being deemed of
2 27 immediate importance, takes effect upon enactment.

2 28 EXPLANATION

2 29 This bill updates the references to the Internal Revenue
2 30 Code to make the federal income tax changes enacted by
2 31 Congress in the remainder of the 1995 calendar year after
2 32 April 15, 1995, applicable for Iowa income tax purposes. The
2 33 bill updates the Iowa Code references for the state research
2 34 credits for individuals and corporations to include changes in
2 35 the federal research activities credits.

3 1 The bill takes effect immediately upon enactment and
3 2 applies retroactively to tax years beginning on or after
3 3 January 1, 1995.

3 4 BACKGROUND STATEMENT

3 5 SUBMITTED BY THE AGENCY

3 6 Section 1 amends Iowa Code section 15A.9 to update the
3 7 reference to the Internal Revenue Code as it applies to
3 8 qualified research activities credits for corporations in
3 9 quality jobs enterprise zones.

3 10 Section 2 amends subsection 4 of Iowa Code section 422.3 to
3 11 include the changes made in the Internal Revenue Code in the
3 12 1995 calendar year, after April 15, 1995, so that references
3 13 to the Internal Revenue Code in the Iowa Code are deemed to
3 14 include the federal income tax changes made by Congress in
3 15 calendar year 1995 after April 15, 1995.

3 16 Section 3 amends the research activities credit for
3 17 individuals in Iowa Code section 422.10 to include changes in
3 18 the federal research activities credit.

3 19 Section 4 amends the research activities credit for
3 20 corporations in subsection 5 of Iowa Code section 422.33 to
3 21 include changes in the federal research activities credit.

3 22 Section 5 provides that the bill is retroactively
3 23 applicable to January 1, 1995, for tax years beginning on or
3 24 after that date.

3 25 Section 6 makes the bill effective immediately upon
3 26 enactment.

3 27 LSB 3221DP 76

3 28 sc/sc/14