

House Study Bill 26

Bill Text

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1 1 Section 1. Section [15A.9](#), subsection 8, unnumbered
1 2 paragraph 2, Code 1997, is amended to read as follows:
1 3 For the purposes of this section, "qualifying expenditures
1 4 for increasing research activities" means the qualifying
1 5 expenditures as defined for the federal credit for increasing
1 6 research activities which would be allowable under section 41
1 7 of the Internal Revenue Code in effect on January 1,

~~1996~~

1 8 1997. The credit authorized in this subsection is in lieu of
1 9 the credit authorized in section 422.33, subsection 5.
1 10 Sec. 2. Section [422.3](#), subsection 4, Code 1997, is amended
1 11 to read as follows:
1 12 4. "Internal Revenue Code" means the Internal Revenue Code
1 13 of 1954, prior to the date of its redesignation as the
1 14 Internal Revenue Code of 1986 by the Tax Reform Act of 1986,
1 15 or means the Internal Revenue Code of 1986 as amended to and
1 16 including

~~March 20, 1996~~

~~January 1, 1997~~, whichever is
1 17 applicable.
1 18 Sec. 3. Section [422.7](#), subsection 8, Code 1997, is amended
1 19 to read as follows:
1 20 8. Subtract the amount of the

~~jobs~~

~~work opportunity tax~~
1 21 credit allowable for the tax year under section 51 of the
1 22 Internal Revenue Code to the extent that the credit increased
1 23 federal adjusted gross income.
1 24 Sec. 4. Section [422.10](#), unnumbered paragraph 1, Code 1997,
1 25 is amended to read as follows:
1 26 The taxes imposed under this division shall be reduced by a
1 27 state tax credit for increasing research activities in this
1 28 state. For individuals, the credit equals six and one-half
1 29 percent of the state's apportioned share of the qualifying
1 30 expenditures for increasing research activities. The state's
1 31 apportioned share of the qualifying expenditures for
1 32 increasing research activities is a percent equal to the ratio
1 33 of qualified research expenditures in this state to total
1 34 qualified research expenditures. For purposes of this
1 35 section, an individual may claim a research credit for
2 1 qualifying research expenditures incurred by a partnership,
2 2 subchapter S corporation, estate, or trust electing to have
2 3 the income taxed directly to the individual. The amount
2 4 claimed by the individual shall be based upon the pro rata
2 5 share of the individual's earnings of a partnership,
2 6 subchapter S corporation, estate, or trust. For purposes of
2 7 this section, "qualifying expenditures for increasing research
2 8 activities" means the qualifying expenditures as defined for
2 9 the federal credit for increasing research activities which
2 10 would be allowable under section 41 of the Internal Revenue
2 11 Code in effect on January 1,

~~1995~~

- 1997.

2 12 Sec. 5. Section [422.33](#), subsection 5, unnumbered paragraph
2 13 1, Code 1997, is amended to read as follows:

2 14 The taxes imposed under this division shall be reduced by a
2 15 state tax credit for increasing research activities in this
2 16 state equal to six and one-half percent of the state's
2 17 apportioned share of the qualifying expenditures for
2 18 increasing research activities. The state's apportioned share
2 19 of the qualifying expenditures for increasing research
2 20 activities is a percent equal to the ratio of qualified
2 21 research expenditures in this state to the total qualified
2 22 research expenditures. For purposes of this subsection,
2 23 "qualifying expenditures for increasing research activities"
2 24 means the qualifying expenditures as defined for the federal
2 25 credit for increasing research activities which would be
2 26 allowable under section 41 of the Internal Revenue Code in
2 27 effect on January 1,

~~1995~~

- 1997.

2 28 Sec. 6. Section [422.35](#), subsection 5, Code 1997, is
2 29 amended to read as follows:

2 30 5. Subtract the amount of the

~~jobs~~

- work opportunity tax

2 31 credit allowable for the tax year under section 51 of the
2 32 Internal Revenue Code to the extent that the credit increased
2 33 federal taxable income.

2 34 Sec. 7. This Act applies retroactively to January 1, 1996,
2 35 for tax years beginning on or after that date.

3 1 Sec. 8. This Act, being deemed of immediate importance,
3 2 takes effect upon enactment.

3 3 EXPLANATION

3 4 This bill updates the references to the Internal Revenue
3 5 Code to make the federal income tax revisions enacted by
3 6 Congress in 1996 applicable for Iowa income tax purposes. The
3 7 bill reflects the change in nomenclature of the federal jobs
3 8 tax credit to work opportunity tax credit. The bill updates
3 9 the Iowa Code references to the state research activities
3 10 credit for individuals, corporations, and corporations in
3 11 quality jobs enterprise zones to include the 1996 changes to
3 12 the federal research activities credits.

3 13 The bill takes effect immediately upon enactment and
3 14 applies retroactively to tax years beginning on or after
3 15 January 1, 1996.

3 16 LSB 1113DP 77

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