

FEB 9 1999
WAYS AND MEANS

HOUSE FILE 244
BY O'BRIEN

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

A BILL FOR

1 An Act relating to the deduction under state income taxes of
2 interest on bonds or notes issued for the construction,
3 expansion, or renovation of jails or prisons and including a
4 retroactive applicability date provision.

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

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HF 244

1 Section 1. Section 422.7, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 35. Subtract interest earned on bonds and
4 notes issued by the state, a city, or a county or by an agency
5 of the state, a city, or a county where the proceeds are used
6 for the construction, expansion, or renovation of jails or
7 prisons.

8 Sec. 2. Section 422.35, Code 1999, is amended by adding
9 the following new subsection:

10 NEW SUBSECTION. 18. Subtract interest earned on bonds and
11 notes issued by the state, a city, or a county or by an agency
12 of the state, a city, or a county where the proceeds are used
13 for the construction, expansion, or renovation of jails or
14 prisons.

15 Sec. 3. This Act applies retroactively to January 1, 1999,
16 for tax years beginning on or after that date.

17 EXPLANATION

18 The bill provides a deduction under the individual and
19 corporate income taxes for interest earned on bonds and notes
20 issued by the state or a local government where the proceeds
21 are used for the construction, expansion, or renovation of
22 jails or prisons.

23 The bill applies retroactively to January 1, 1999, for tax
24 years beginning on or after that date.

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