

MAR 21 2001  
WAYS AND MEANS

HOUSE FILE 676  
BY SHOULTZ

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the applicability and fiscal impact of  
2 reductions in rates, enactments, and expansion of deductions  
3 and credits, and repeals of certain taxes and including an  
4 effective date.

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

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HF 676

1 Section 1. NEW SECTION. 422.130 APPLICABLE PERIOD OF TAX  
2 REDUCTIONS.

3 1. For purposes of this section:

4 a. "Covered tax" means any of the following:

5 (1) Individual income tax, chapter 422, division II.

6 (2) Corporate income tax, chapter 422, division III.

7 (3) Franchise tax, chapter 422, division V.

8 (4) Gross premiums tax, chapters 432 and 432A.

9 (5) Sales tax, chapter 422, division IV and use tax,  
10 chapter 423.

11 (6) Motor vehicle registration fees, chapter 321.

12 (7) Motor fuel taxes, chapter 452A.

13 (8) Cigarette and tobacco products taxes, chapter 453A.

14 (9) Beer, wine, and liquor taxes, chapter 123.

15 (10) Real estate transfer tax, chapter 428A.

16 (11) Inheritance tax, chapter 450 and generation skipping  
17 transfer tax, chapter 450A.

18 (12) Real property tax.

19 b. "Designated applicable period" means:

20 (1) For the covered taxes designated in paragraph "a",  
21 subparagraphs (1) through (4), the tax year beginning on or  
22 after January 1 of the calendar year of the regular session of  
23 the general assembly during which the law referred to in  
24 subsection 2 is enacted, or the tax year beginning on the  
25 following January 1.

26 (2) For the covered taxes designated in paragraph "a",  
27 subparagraphs (5) through (12), the fiscal year beginning July  
28 1 following the regular session of the general assembly during  
29 which the law referred to in subsection 2 is enacted.

30 2. A bill containing provisions related to a covered tax  
31 that reduces the rate schedule, enacts a new deduction or  
32 credit, expands an existing deduction or credit, or repeals  
33 the covered tax shall be applicable, as to the provisions  
34 related to the covered tax, beginning with the designated  
35 applicable period. The bill shall not contain any provisions

1 that provide that the fiscal impact of those provisions  
2 relating to the covered tax which in the aggregate result in a  
3 reduction in state tax revenues be postponed beyond the fiscal  
4 year beginning July 1 following the regular session of the  
5 general assembly in which the bill is enacted into law.

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

8 EXPLANATION

9 This bill provides that any legislative bill that reduces  
10 the rates of a certain tax, enacts or expands deductions or  
11 credits of, or repeals the tax must apply for certain calendar  
12 year taxes either January 1 preceding or January 1 following  
13 the regular session of the general assembly in which the bill  
14 is enacted or must apply for certain fiscal year taxes July 1  
15 following the regular session of the general assembly in which  
16 the bill is enacted.

17 The bill also provides that if the fiscal impact results in  
18 a reduction in state tax revenues, then the bill must not  
19 contain a provision that postpones the negative impact beyond  
20 the fiscal year beginning July 1 following the regular session  
21 of the general assembly in which the bill is enacted.

22 The bill take effect upon enactment.

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