

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

A BILL FOR

1 An Act concerning regulatory, taxation, and statutory  
2 requirements affecting individuals and business relating to  
3 economic development, workers' compensation, financial  
4 services, unemployment compensation employer surcharges,  
5 income taxation bonus depreciation and expensing allowances,  
6 and civil action appeal bonds, and including effective date,  
7 applicability, and retroactive applicability provisions.

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

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HF 2581

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## DIVISION I

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## LEGISLATIVE FINDINGS

3 Section 1. LEGISLATIVE FINDINGS. It is the finding of the  
4 general assembly that the recent Iowa supreme court decision  
5 of Rants and Iverson v. Vilsack, No. 60/03-1948, June 16,  
6 2004, has invalidated the proper enactment of provisions  
7 contained in 2003 Iowa Acts, First Extraordinary Session,  
8 chapter 1 (House File 692). It is the intent of the general  
9 assembly to reenact and reaffirm certain provisions of House  
10 File 692 that were published in the 2003 Iowa Code Supplement,  
11 including provisions that were subsequently amended in the  
12 2004 regular session of the Eightieth General Assembly and  
13 validate contracts entered into in reliance on the enactment  
14 of provisions published in the 2003 Code Supplement.

15 Sec. 2. EFFECTIVE DATE. This division of this Act, being  
16 deemed of immediate importance, takes effect upon enactment.

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## DIVISION II

18

## ENDOW IOWA GRANTS

19 Sec. 3. The following provisions, as published in Iowa  
20 Code Supplement 2003, pertaining to endow Iowa grants, are  
21 reaffirmed and reenacted:

22 1. Section 15E.301.

23 2. Section 15E.302.

24 3. Section 15E.303.

25 4. Section 15E.304.

26 5. Section 15E.306.

27 Sec. 4. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY  
28 PROVISIONS. This division of this Act, being deemed of  
29 immediate importance, takes effect upon enactment, and is  
30 retroactively applicable to January 1, 2003, for tax years  
31 beginning on or after that date.

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## DIVISION III

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## CIVIL ACTION APPEAL BONDS

34 Sec. 5. Section 625A.9, as published in Iowa Code  
35 Supplement 2003, pertaining to supersedeas bonds, is

1 reaffirmed and reenacted.

2 Sec. 6. Section 625A.9, subsection 2, Code Supplement  
3 2003, as reaffirmed and reenacted by this division of this  
4 Act, is amended to read as follows:

5 2. a. If Except as provided in paragraph "b", if the  
6 judgment or order appealed from is for money, such bond shall  
7 not exceed one hundred ten percent of the amount of the money  
8 judgment.

9 The court may set a bond in an amount in excess of one  
10 hundred ten percent of the amount of the money judgment upon  
11 making specific findings justifying such an amount, and in  
12 doing so, shall consider, but shall not be limited to  
13 consideration of, the following criteria:

14 (1) The availability and cost of the bond or other form of  
15 adequate security.

16 (2) The assets of the judgment debtor and of the judgment  
17 debtor's insurer or indemnitor, if any.

18 (3) The potential adverse effects of the bond on the  
19 judgment debtor, including, but not limited to, the potential  
20 adverse effects on the judgment debtor's employees, financial  
21 stability, and business operations.

22 (4) The potential adverse effects of the bond on the  
23 judgment creditor and third parties, including public  
24 entities.

25 (5) In a class action suit, the adequacy of the bond to  
26 compensate all members of the class.

27 b. Notwithstanding paragraph "a", in no case shall a bond  
28 exceed one hundred million dollars, regardless of the value of  
29 the money judgment. This limitation shall not apply in cases  
30 where the court finds that the defendant intentionally  
31 dissipated the defendant's assets outside the ordinary course  
32 of business for the purpose of evading payment of the  
33 judgment.

34 Sec. 7. 2004 Iowa Acts, Senate File 2306, is repealed.

35 Sec. 8. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY

1 PROVISIONS.

2 1. The section of this division of this Act reaffirming  
3 and reenacting section 625A.9, being deemed of immediate  
4 importance, takes effect upon enactment, and applies  
5 retroactively to July 1, 2003.

6 2. The section of this division of this Act amending  
7 section 625A.9, as reaffirmed and reenacted by this division  
8 of this Act, being deemed of immediate importance, takes  
9 effect upon enactment of this Act, and applies retroactively  
10 to cases pending and filed on or after April 20, 2004, and  
11 through June 15, 2004, and to cases pending or filed on or  
12 after June 16, 2004.

13 3. The section of this division of this Act repealing 2004  
14 Iowa Acts, Senate File 2306, being deemed of immediate  
15 importance, takes effect upon enactment.

16 4. This section of this division of this Act, being deemed  
17 of immediate importance, takes effect upon enactment.

18 DIVISION IV

19 WORKERS' COMPENSATION

20 Sec. 9. Section 85.27, subsection 4, Code 2003, is amended  
21 to read as follows:

22 4. For purposes of this section, the employer is obliged  
23 to furnish reasonable services and supplies to treat an  
24 injured employee, and has the right to choose the care. If  
25 the employer chooses the care, the employer shall hold the  
26 employee harmless for the cost of care until the employer  
27 notifies the employee that the employer is no longer  
28 authorizing all or any part of the care and the reason for the  
29 change in authorization. An employer is not liable for the  
30 cost of care that the employer arranges in response to a  
31 sudden emergency if the employee's condition, for which care  
32 was arranged, is not related to the employment. The treatment  
33 must be offered promptly and be reasonably suited to treat the  
34 injury without undue inconvenience to the employee. If the  
35 employee has reason to be dissatisfied with the care offered,

1 the employee should communicate the basis of such  
2 dissatisfaction to the employer, in writing if requested,  
3 following which the employer and the employee may agree to  
4 alternate care reasonably suited to treat the injury. If the  
5 employer and employee cannot agree on such alternate care, the  
6 commissioner may, upon application and reasonable proofs of  
7 the necessity therefor, allow and order other care. In an  
8 emergency, the employee may choose the employee's care at the  
9 employer's expense, provided the employer or the employer's  
10 agent cannot be reached immediately. An application made  
11 under this subsection shall be considered an original  
12 proceeding for purposes of commencement and contested case  
13 proceedings under section 85.26. The hearing shall be  
14 conducted pursuant to chapter 17A. Before a hearing is  
15 scheduled, the parties may choose a telephone hearing or an  
16 in-person hearing. A request for an in-person hearing shall  
17 be approved unless the in-person hearing would be impractical  
18 because of the distance between the parties to the hearing.  
19 The workers' compensation commissioner shall issue a decision  
20 within ten working days of receipt of an application for  
21 alternate care made pursuant to a telephone hearing or within  
22 fourteen working days of receipt of an application for  
23 alternate care made pursuant to an in-person hearing. The  
24 employer shall notify an injured employee of the employee's  
25 ability to contest the employer's choice of care pursuant to  
26 this subsection.

27 Sec. 10. Section 85.34, subsection 2, paragraph u, Code  
28 2003, is amended to read as follows:

29 u. In all cases of permanent partial disability other than  
30 those hereinabove described or referred to in paragraphs "a"  
31 through "t" hereof, the compensation shall be paid during the  
32 number of weeks in relation to five hundred weeks as the  
33 reduction in the employee's earning capacity caused by the  
34 disability bears in relation to the ~~body-of-the-injured~~  
35 earning capacity that the employee as-a-whole possessed when

1 the injury occurred.

2 Sec. 11. Section 85.34, Code 2003, is amended by adding  
3 the following new subsection:

4 NEW SUBSECTION. 7. SUCCESSIVE DISABILITIES.

5 a. An employer is fully liable for compensating all of an  
6 employee's disability that arises out of and in the course of  
7 the employee's employment with the employer. An employer is  
8 not liable for compensating an employee's preexisting  
9 disability that arose out of and in the course of employment  
10 with a different employer or from causes unrelated to  
11 employment.

12 b. If an injured employee has a preexisting disability  
13 that was caused by a prior injury arising out of and in the  
14 course of employment with the same employer, and the  
15 preexisting disability was compensable under the same  
16 paragraph of section 85.34, subsection 2, as the employee's  
17 present injury, the employer is liable for the combined  
18 disability that is caused by the injuries, measured in  
19 relation to the employee's condition immediately prior to the  
20 first injury. In this instance, the employer's liability for  
21 the combined disability shall be considered to be already  
22 partially satisfied to the extent of the percentage of  
23 disability for which the employee was previously compensated  
24 by the employer.

25 If, however, an employer is liable to an employee for a  
26 combined disability that is payable under section 85.34,  
27 subsection 2, paragraph "u", and the employee has a  
28 preexisting disability that causes the employee's earnings to  
29 be less at the time of the present injury than if the prior  
30 injury had not occurred, the employer's liability for the  
31 combined disability shall be considered to be already  
32 partially satisfied to the extent of the percentage of  
33 disability for which the employee was previously compensated  
34 by the employer minus the percentage that the employee's  
35 earnings are less at the time of the present injury than if

1 the prior injury had not occurred.

2 c. A successor employer shall be considered to be the same  
3 employer if the employee became part of the successor  
4 employer's workforce through a merger, purchase, or other  
5 transaction that assumes the employee into the successor  
6 employer's workforce without substantially changing the nature  
7 of the employee's employment.

8 Sec. 12. Section 85.36, subsection 9, paragraph c, Code  
9 2003, is amended by striking the paragraph.

10 Sec. 13. Section 85.70, Code 2003, is amended to read as  
11 follows:

12 85.70 ADDITIONAL PAYMENT FOR ATTENDANCE.

13 An employee who has sustained an injury resulting in  
14 permanent partial or permanent total disability, for which  
15 compensation is payable under this chapter, and who cannot  
16 return to gainful employment because of such disability, shall  
17 upon application to and approval by the workers' compensation  
18 commissioner be entitled to a ~~twenty-dollar~~ one hundred dollar  
19 weekly payment from the employer in addition to any other  
20 benefit payments, during each full week in which the employee  
21 is actively participating in a vocational rehabilitation  
22 program recognized by the vocational rehabilitation services  
23 division of the department of education. The workers'  
24 compensation commissioner's approval of such application for  
25 payment may be given only after a careful evaluation of  
26 available facts, and after consultation with the employer or  
27 the employer's representative. Judicial review of the  
28 decision of the workers' compensation commissioner may be  
29 obtained in accordance with the terms of the Iowa  
30 administrative procedure Act and in section 86.26. Such  
31 additional benefit payment shall be paid for a period not to  
32 exceed thirteen consecutive weeks except that the workers'  
33 compensation commissioner may extend the period of payment not  
34 to exceed an additional thirteen weeks if the circumstances  
35 indicate that a continuation of training will in fact

1 accomplish rehabilitation.

2 Sec. 14. Section 86.12, as published in Iowa Code  
3 Supplement 2003, is reaffirmed and reenacted.

4 Sec. 15. Section 86.13A, as published in Iowa Code  
5 Supplement 2003, is reaffirmed and reenacted.

6 Sec. 16. Section 86.13A, unnumbered paragraph 2, Code  
7 Supplement 2003, as reaffirmed and reenacted by this Act, is  
8 amended to read as follows:

9 If during any fiscal year commencing after June 30, 2005  
10 2006, the general business practices of an employer or insurer  
11 result in the delay of the commencement of voluntary weekly  
12 compensation payments after the date specified in section  
13 85.30 more frequently and for a longer number of days than the  
14 average number of days for the entire group of employers or  
15 insurers, the commissioner may impose an assessment on the  
16 employer or insurer payable to the second injury fund created  
17 in section 85.66. The amount of the assessment shall be ten  
18 dollars, multiplied by the average number of days that weekly  
19 compensation payments were delayed after the date specified in  
20 section 85.30, and multiplied by the number of injuries the  
21 employer or insurer reported during the fiscal year.  
22 Notwithstanding the foregoing, an assessment shall not be  
23 imposed if the employer or insurer commenced voluntary weekly  
24 compensation benefits within the time specified in section  
25 85.30 for more than seventy-five percent of the injuries  
26 reported by the employer or insurer.

27 Sec. 17. Section 85.55, Code 2003, is repealed.

28 Sec. 18. EFFECTIVE DATE AND APPLICABILITY PROVISIONS. The  
29 sections of this division of this Act amending sections 85.27,  
30 85.34, 85.36, and 85.70, and repealing section 85.55, being  
31 deemed of immediate importance, take effect upon enactment and  
32 apply to injuries occurring on or after that date.

33 Sec. 19. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY  
34 PROVISIONS. The sections of this division of this Act  
35 reaffirming and reenacting sections 86.12 and 86.13A and the



1 section of this division of this Act amending section 86.13A  
2 as reaffirmed and reenacted, being deemed of immediate  
3 importance, take effect upon enactment and are retroactively  
4 applicable to injuries occurring on or after July 1, 2003.

5 Sec. 20. LEGISLATIVE INTENT. It is the intent of the  
6 general assembly that this division of this Act will prevent  
7 all double recoveries and all double reductions in workers'  
8 compensation benefits for permanent partial disability. This  
9 division modifies the fresh start and full responsibility  
10 rules of law announced by the Iowa supreme court in a series  
11 of judicial precedents.

12 The general assembly recognizes that the amount of  
13 compensation a person receives for disability is directly  
14 related to the person's earnings at the time of injury. The  
15 competitive labor market determines the value of a person's  
16 earning capacity through a strong correlation with the level  
17 of earnings a person can achieve in the competitive labor  
18 market. The market reevaluates a person as a working unit  
19 each time the person competes in the competitive labor market,  
20 causing a fresh start with each change of employment. The  
21 market's determination effectively apportions any disability  
22 through a reduced level of earnings. The market does not  
23 reevaluate an employee's earning capacity while the employee  
24 remains employed by the same employer.

25 The general assembly intends that an employer shall fully  
26 compensate all of an injured employee's disability that is  
27 caused by work-related injuries with the employer without  
28 compensating the same disability more than once. This  
29 division of this Act creates a formula that applies disability  
30 payments made toward satisfaction of the combined disability  
31 that the employer is liable for compensating, while taking  
32 into account the impact of the employee's earnings on the  
33 amount of compensation to be ultimately paid for the  
34 disability.

35 The general assembly does not intend this division of this

1 Act to change the character of any disability from scheduled  
2 to unscheduled or vice versa or to combine disabilities that  
3 are not otherwise combined under law existing on the effective  
4 date of this section of this division of this Act.

5 Combination of successive scheduled disabilities in section  
6 85.34, subsection 7, as enacted in this division of this Act,  
7 is limited to disabilities affecting the same member, such as  
8 successive disabilities to the right arm. A disability to the  
9 left arm that is followed by a disability to the right arm is  
10 governed by section 85.64 and is not a successive disability  
11 under this division. This division does not alter benefits  
12 under the second injury fund, benefits for permanent total  
13 disability under section 85.34, subsection 3, the method of  
14 determining the degree of unscheduled permanent partial  
15 disability, the compensable character of aggravation injuries,  
16 or an employer's right to choose the care an injured employee  
17 receives, expand the fresh start rule to scheduled  
18 disabilities, or change existing law in any way that is not  
19 expressly provided in this division.

20 The general assembly intends that changes in the identity  
21 of the employer that do not require the employee to reenter  
22 the competitive labor market will be treated as if the  
23 employee remained employed by the same employer.

24 Sec. 21. EFFECTIVE DATE. Unless otherwise provided, this  
25 division of this Act, being deemed of immediate importance,  
26 takes effect upon enactment.

27 DIVISION V

28 FINANCIAL SERVICES

29 Sec. 22. The following provisions, as published in Iowa  
30 Code Supplement 2003, pertaining to financial services, are  
31 reaffirmed and reenacted:

- 32 1. Section 537.2502, subsections 3 and 6.
- 33 2. Section 537.2601, subsection 1.

34 Sec. 23. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY  
35 PROVISIONS. This division of this Act, being deemed of

1 immediate importance, takes effect upon enactment, and is  
2 retroactively applicable to July 1, 2003.

3 DIVISION VI

4 LOAN AND CREDIT GUARANTEE PROGRAM

5 Sec. 24. The following provisions, as published in Iowa  
6 Code Supplement 2003, pertaining to the economic development  
7 loan and credit guarantee program, are reaffirmed and  
8 reenacted:

9 1. Section 15E.221.

10 2. Section 15E.222.

11 3. Section 15E.223.

12 4. Section 15E.224.

13 5. Section 15E.225.

14 Sec. 25. Section 15E.223, subsection 4, Code Supplement  
15 2003, as reaffirmed and reenacted by this division of this  
16 Act, is amended to read as follows:

17 4. "Targeted industry business" means an existing or  
18 proposed business entity, including an emerging small business  
19 or qualified business which is operated for profit and which  
20 has a primary business purpose of doing business in at least  
21 one of the targeted industries designated by the department  
22 which include life sciences, software and information  
23 technology, advanced manufacturing, value-added agriculture,  
24 and any other industry designated as a targeted industry by  
25 the ~~loan-and-credit-guarantee-advisory-board~~ department.

26 Sec. 26. Section 15E.224, subsections 1, 3, 5, and 7, Code  
27 Supplement 2003, as reaffirmed and reenacted by this division  
28 of this Act, are amended to read as follows:

29 1. The department shall ~~with-the-advice-of-the-loan-and~~  
30 ~~credit-guarantee-advisory-board~~, establish and administer a  
31 loan and credit guarantee program. The department, pursuant  
32 to agreements with financial institutions, shall provide loan  
33 and credit guarantees, or other forms of credit guarantees for  
34 qualified businesses and targeted industry businesses for  
35 eligible project costs. A loan or credit guarantee provided

1 under the program may stand alone or may be used in  
2 conjunction with or to enhance other loans or credit  
3 guarantees offered by private, state, or federal entities.  
4 The department may purchase insurance to cover defaulted loans  
5 meeting the requirements of the program. However, the  
6 department shall not in any manner directly or indirectly  
7 pledge the credit of the state. Eligible project costs  
8 include expenditures for productive equipment and machinery,  
9 working capital for operations and export transactions,  
10 research and development, marketing, and such other costs as  
11 the department may so designate.

12 3. In administering the program, the department shall  
13 consult and cooperate with financial institutions in this  
14 state ~~and with the loan and credit guarantee advisory board~~.  
15 Administrative procedures and application procedures, as  
16 practicable, shall be responsive to the needs of qualified  
17 businesses, targeted industry businesses, and financial  
18 institutions, and shall be consistent with prudent investment  
19 and lending practices and criteria.

20 5. The department ~~with the advice of the loan and credit~~  
21 ~~guarantee advisory board~~, shall adopt a loan or credit  
22 guarantee application procedure for a financial institution on  
23 behalf of a qualified business or targeted industry business.

24 7. The department ~~with the advice of the loan and credit~~  
25 ~~guarantee advisory board~~, may adopt loan and credit guarantee  
26 application procedures that allow a qualified business or  
27 targeted industry business to apply directly to the department  
28 for a preliminary guarantee commitment. A preliminary  
29 guarantee commitment may be issued by the department subject  
30 to the qualified business or targeted industry business  
31 securing a commitment for financing from a financial  
32 institution. The application procedures shall specify the  
33 process by which a financial institution may obtain a final  
34 loan and credit guarantee.

35 Sec. 27. Section 15E.225, subsections 1 and 2, Code

1 Supplement 2003, as reaffirmed and reenacted by this division  
2 of this Act, are amended to read as follows:

3 1. When entering into a loan or credit guarantee  
4 agreement, the department~~, with the advice of the loan and~~  
5 ~~credit guarantee advisory board,~~ shall establish fees and  
6 other terms for participation in the program by qualified  
7 businesses and targeted industry businesses.

8 2. The department, with due regard for the possibility of  
9 losses and administrative costs ~~and with the advice of the~~  
10 ~~loan and credit guarantee advisory board,~~ shall set fees and  
11 other terms at levels sufficient to assure that the program is  
12 self-financing.

13 Sec. 28. Section 15E.227, subsection 2, paragraph c, Code  
14 Supplement 2003, is amended by striking the paragraph.

15 Sec. 29. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY  
16 PROVISIONS. This division of this Act, being deemed of  
17 immediate importance, takes effect upon enactment, and is  
18 retroactively applicable to July 1, 2003.

19 DIVISION VII

20 ADMINISTRATIVE CONTRIBUTION SURCHARGE

21 Sec. 30. Section 96.9, subsection 8, paragraph e, Code  
22 Supplement 2003, is amended to read as follows:

23 e. Moneys from interest earned on the unemployment  
24 compensation reserve fund shall be used by the department only  
25 upon appropriation by the general assembly ~~and only for~~  
26 ~~purposes contained in section 96.7, subsection 12, for~~  
27 ~~department of workforce development rural satellite offices,~~  
28 and for administrative costs to collect the reserve  
29 contributions.

30 Sec. 31. CODE EDITOR'S REMOVAL OF SECTION 96.7, SUBSECTION  
31 12, FROM CODE. Consistent with the Iowa supreme court  
32 decision of Rants and Iverson v. Vilsack, No. 60/03-1948, June  
33 16, 2004, the general assembly acknowledges the Code editor's  
34 removal of section 96.7, subsection 12, relating to the  
35 administrative contribution surcharge and fund, from the Code,

1 due to the subsection's repeal effective July 1, 2003.

2 Sec. 32. EFFECTIVE DATE. This division of this Act, being  
3 deemed of immediate importance, takes effect upon enactment  
4 and applies retroactively to July 1, 2003.

5 DIVISION VIII

6 MARKETING

7 Sec. 33. Section 15G.109, as published in Iowa Code  
8 Supplement 2003, pertaining to the economic development  
9 marketing board, is reaffirmed and reenacted.

10 Sec. 34. Section 15G.109, subsections 1, 2, and 5, Code  
11 Supplement 2003, as reaffirmed and reenacted by this division  
12 of this Act, are amended by striking the subsections.

13 Sec. 35. Section 15G.109, subsections 3 and 4, Code  
14 Supplement 2003, as reaffirmed and reenacted by this division  
15 of this Act, are amended to read as follows:

16 ~~3-~~ The department of economic development marketing-board  
17 shall accept proposals for marketing strategies for purposes  
18 of selecting a strategy for the department to administer. The  
19 marketing strategies shall be designed to market Iowa as a  
20 lifestyle, increase the population of the state, increase the  
21 wealth of Iowans, and expand and stimulate the state economy.  
22 ~~The-economic-development-marketing-board-shall-submit-a~~  
23 ~~recommendation-regarding-the-proposal-to-the-grow-Iowa-values~~  
24 ~~board---in-selecting-a-marketing-strategy-for-recommendation,~~  
25 ~~the-economic-development-marketing-board-shall-base-the~~  
26 ~~selection-on-the-goals-and-performance-measures-provided-in~~  
27 ~~section-15G.107---The-grow-Iowa-values-board-shall-either~~  
28 ~~approve-or-deny-the-recommendation.~~ The department shall  
29 select and approve a proposal that meets the requirements of  
30 this subsection.

31 ~~4-~~ The department shall implement and administer the  
32 approved marketing strategy ~~approved-by-the-grow-Iowa-values~~  
33 ~~board-as-provided-in-subsection-3.~~ The department shall  
34 ~~provide-the-economic-development-marketing-board-with~~  
35 ~~assistance-in-implementing-administrative-functions-of-the~~

1 ~~board-and-provide-technical-assistance-to-the-board-~~

2 Sec. 36. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY.

3 This division of this Act, being deemed of immediate  
4 importance, takes effect upon enactment. The section of this  
5 division of this Act reaffirming and reenacting Code section  
6 15G.109 is retroactively applicable to July 1, 2003.

7

DIVISION IX

8

INCOME TAXATION

9

BONUS DEPRECIATION AND EXPENSING ALLOWANCE

10 Sec. 37. Section 422.3, subsection 5, Code Supplement  
11 2003, is amended to read as follows:

12 5. "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, 2003, and as amended by Pub. L. No. 108-  
17 27, section 202, whichever is applicable.

18 Sec. 38. Section 422.7, subsection 39, Code Supplement  
19 2003, is amended to read as follows:

20 39. a. The additional first-year depreciation allowance  
21 authorized in section 168(k) of the Internal Revenue Code, as  
22 enacted by Pub. L. No. 107-147, section 101, does not apply in  
23 computing net income for state tax purposes. If the taxpayer  
24 has taken such deduction in computing federal adjusted gross  
25 income, the following adjustments shall be made:

26 a- (1) Add the total amount of depreciation taken on all  
27 property for which the election under section 168(k) of the  
28 Internal Revenue Code was made for the tax year.

29 b- (2) Subtract an amount equal to depreciation taken  
30 allowed on such property for the tax year using the modified  
31 accelerated cost recovery system depreciation method  
32 applicable under section 168 of the Internal Revenue Code  
33 without regard to section 168(k).

34 c- (3) Any other adjustments to gains or losses to  
35 reflect the adjustments made in paragraphs-"a"-and-"b"

1 subparagraphs (1) and (2) pursuant to rules adopted by the  
2 director.

3 b. The additional first-year depreciation allowance  
4 authorized in section 168(k)(4) of the Internal Revenue Code,  
5 as enacted by Pub. L. No. 108-27, shall apply in computing net  
6 income for state tax purposes, for qualified property acquired  
7 after May 5, 2003, and before January 1, 2005.

8 Sec. 39. Section 422.32, subsection 7, Code Supplement  
9 2003, is amended to read as follows:

10 7. "Internal Revenue Code" means the Internal Revenue Code  
11 of 1954, prior to the date of its redesignation as the  
12 Internal Revenue Code of 1986 by the Tax Reform Act of 1986,  
13 or means the Internal Revenue Code of 1986 as amended to and  
14 including January 1, 2003, and as amended by Pub. L. No. 108-  
15 27, section 202, whichever is applicable.

16 Sec. 40. Section 422.35, subsection 19, Code Supplement  
17 2003, is amended to read as follows:

18 19. a. The additional first-year depreciation allowance  
19 authorized in section 168(k) of the Internal Revenue Code, as  
20 enacted by Pub. L. No. 107-147, section 101, does not apply in  
21 computing net income for state tax purposes. If the taxpayer  
22 has taken such deduction in computing taxable income, the  
23 following adjustments shall be made:

24 a- (1) Add the total amount of depreciation taken on all  
25 property for which the election under section 168(k) of the  
26 Internal Revenue Code was made for the tax year.

27 b- (2) Subtract an amount equal to depreciation taken  
28 allowed on such property for the tax year using the modified  
29 accelerated cost recovery system depreciation method  
30 applicable under section 168 of the Internal Revenue Code  
31 without regard to section 168(k).

32 c- (3) Any other adjustments to gains or losses to  
33 reflect the adjustments made in paragraphs-"a"-and-"b"  
34 subparagraphs (1) and (2) pursuant to rules adopted by the  
35 director.



1 b. The additional first-year depreciation allowance  
2 authorized in section 168(k)(4) of the Internal Revenue Code,  
3 as enacted by Pub. L. No. 108-27, shall apply in computing net  
4 income for state tax purposes, for qualified property acquired  
5 after May 5, 2003, and before January 1, 2005.

6 Sec. 41. RETROACTIVE APPLICABILITY.

7 1. The sections of this division of this Act amending  
8 section 422.7, subsection 39, and section 422.35, subsection  
9 19, apply retroactively to tax years ending after May 5, 2003.

10 2. The sections of this division of this Act amending  
11 sections 422.3, subsection 5, and 422.32, subsection 7, apply  
12 retroactively to January 1, 2003, for tax years beginning on  
13 or after that date.

14 Sec. 42. EFFECTIVE DATE. This division of this Act, being  
15 deemed of immediate importance, takes effect upon enactment.

16 DIVISION X

17 ADVISORY CAPACITY OF BOARDS

18 Sec. 43. ADVISORY CAPACITY OF BOARDS. For only the fiscal  
19 year beginning July 1, 2004, and ending June 30, 2005, the  
20 establishment and existence of the grow Iowa values board, the  
21 economic development marketing board, and the loan and credit  
22 guarantee advisory board, as provided for in 2003 Iowa Acts,  
23 First Extraordinary Session, chapter 1 (House File 692), are  
24 validated. However, the boards shall serve only in an  
25 advisory capacity to the department of economic development.  
26 The composition of the boards shall consist of the membership  
27 in existence on June 15, 2004.

28 Sec. 44. EFFECTIVE DATE PROVISION. This division of this  
29 Act, being deemed of immediate importance, takes effect upon  
30 enactment.

31 EXPLANATION

32 Unless provided otherwise, provisions take effect upon  
33 enactment and are retroactively applicable to July 1, 2003.  
34 The bill is organized into divisions.

35 LEGISLATIVE FINDINGS. This division states legislative

1 findings regarding the invalidity of provisions originally  
2 contained in 2003 Iowa Acts, House File 692, due to the Iowa  
3 supreme court decision of Rants and Iverson v. Vilsack.  
4 Legislative intent is stated to reaffirm and reenact certain  
5 invalidated provisions. The provisions affected were  
6 published in the 2003 Iowa Code Supplement or amended in the  
7 2004 regular legislative session.

8       ENDOW IOWA GRANTS. This division reaffirms and reenacts  
9 provisions relating to endow Iowa grants.

10       CIVIL ACTION APPEAL BONDS. This division reaffirms and  
11 reenacts provisions pertaining to supersedeas bonds, including  
12 provisions contained in 2004 Iowa Acts, Senate File 2306, that  
13 were invalidated by the Iowa supreme court decision. Senate  
14 File 2306 is repealed. The division provides that the  
15 provision reenacting Senate File 2306 applies retroactively to  
16 cases pending and filed on or after April 20, 2004, and  
17 through June 15, 2004, and to cases pending or filed on or  
18 after June 16, 2004.

19       WORKERS' COMPENSATION. This division relates to certain  
20 benefits and procedures related to workers' compensation and  
21 contains an expression of legislative intent concerning the  
22 changes made.

23       Code section 85.27, subsection 4, is amended to provide  
24 that if an employer chooses medical care, the employer shall  
25 hold the employee harmless for the cost of care until the  
26 employer notifies the employee that the employer is no longer  
27 authorizing all or part of the care and the reason for the  
28 change in authorization. Also, an employer is not liable for  
29 the cost of care that the employer arranges in response to a  
30 sudden emergency if the employee's condition, for which care  
31 was arranged, is not related to the employment.

32       Code section 85.34, subsection 2, paragraph "u", is amended  
33 to provide that compensation for permanent partial disability  
34 for nonscheduled injuries shall be paid for the number of  
35 weeks in relation to 500 weeks as the reduction in the

1 employee's earning capacity caused by the disability bears in  
2 relation to the earning capacity that the employee possessed  
3 when the injury occurred.

4 Code section 85.34 is also amended by adding a new  
5 subsection concerning compensation for successive  
6 disabilities. The new subsection provides that an employer is  
7 fully liable for compensating all of an employee's disability  
8 that arises out of and in the course of the employee's  
9 employment with the employer. The new subsection provides  
10 that an employer is not liable for compensating an employee's  
11 preexisting disability that arose out of and in the course of  
12 employment with a different employer or from causes unrelated  
13 to employment.

14 The amendment to Code section 85.34 also provides that if  
15 an injured employee has a preexisting disability that was  
16 caused by a prior injury arising out of and in the course of  
17 employment with the same employer, and the preexisting  
18 disability was compensable as a permanent partial disability  
19 under the same paragraph of Code section 85.34, subsection 2,  
20 as the employee's present injury, the employer is liable for  
21 the combined disability that is caused by the injuries,  
22 measured in relation to the employee's condition immediately  
23 prior to the first injury. In this situation, the employer's  
24 liability for the combined disability of the employee is  
25 considered to be already partially satisfied to the extent of  
26 the percentage of disability for which the employee was  
27 previously paid by the employer.

28 The amendment to Code section 85.34 also provides that if  
29 an employer is liable to an employee for a combined disability  
30 that is payable under Code section 85.34, subsection 2,  
31 paragraph "u", as a nonscheduled permanent partial disability,  
32 and the employee has a preexisting disability that causes the  
33 employee's earnings to be less at the time of the present  
34 injury than if the prior injury had not occurred, the  
35 employer's liability for the combined disability shall be

1 considered to be already partially satisfied to the extent of  
2 the percentage of disability for which the employee was  
3 previously compensated by the employer minus the percentage  
4 that the employee's earning capacity is less at the time of  
5 the present injury than if the prior injury had not occurred.

6 The amendment to Code section 85.34 also provides that a  
7 successor employer is considered to be the same employer for  
8 the purposes of Code section 85.34 if the employee became part  
9 of the successor employer's workforce through a merger,  
10 purchase, or other transaction that assumes the employee into  
11 the successor employer's workforce without substantially  
12 changing the nature of the employee's employment.

13 Code section 85.36, subsection 9, paragraph "c", which  
14 deals with apportionment of liability for successive  
15 disabilities, is stricken.

16 Code section 85.70 is amended to provide that an injured  
17 employee with a permanent disability who actively participates  
18 in a vocational rehabilitation program shall be paid \$100  
19 instead of \$20 each week by the employer during each week of  
20 participation in addition to any other benefit payments.

21 Code section 86.12 is reaffirmed and reenacted, after being  
22 held to be invalid by the Iowa supreme court. This provision  
23 allows the workers' compensation commissioner to subject  
24 employers to assessments for failure to report certain  
25 information to the commissioner. The division makes this  
26 provision effective upon enactment and retroactively  
27 applicable to injuries occurring on or after July 1, 2003.

28 Code section 86.13A is reaffirmed and reenacted, after  
29 being held to be invalid by the Iowa supreme court. This  
30 provision requires the workers' compensation commissioner to  
31 monitor the rate of compliance of employers and insurers in  
32 timely commencing benefit payments to injured employees. In  
33 this division, the provision is amended to provide that after  
34 June 30, 2006, the commissioner may impose assessments against  
35 employers and insurers for certain delays in commencing

1 benefit payments. The division makes this provision effective  
2 upon enactment and retroactively applicable to injuries  
3 occurring on or after July 1, 2003.

4 Code section 85.55, which allows an employee with a  
5 physical defect that increases the risk of injury to waive  
6 workers' compensation for injuries occurring directly or  
7 indirectly because of such defect, is repealed.

8 With the exception of the provisions concerning Code  
9 sections 86.12 and 86.13A, the bill takes effect upon  
10 enactment and is applicable to injuries occurring on or after  
11 that date. The provisions concerning Code sections 86.12 and  
12 86.13A take effect upon enactment and are retroactively  
13 applicable to injuries occurring on or after July 1, 2003.

14 FINANCIAL SERVICES. This division reaffirms and reenacts  
15 requirements involving the delinquency charges collectible  
16 relative to certain consumer credit transactions and authority  
17 to contract for debt payment under credit transactions other  
18 than consumer credit transactions.

19 LOAN AND CREDIT GUARANTEE PROGRAM. This division reaffirms  
20 and reenacts provisions relating to the loan and credit  
21 guarantee program directed to relatively small businesses and  
22 industries targeted to particular areas of commerce. The  
23 division does not reenact the loan and credit guarantee  
24 advisory board and makes conforming amendments.

25 ADMINISTRATIVE CONTRIBUTION SURCHARGE. This division  
26 acknowledges the Iowa Code editor's removal of references from  
27 the Iowa Code to the administrative contribution surcharge and  
28 fund due to their repeal effective July 1, 2003. This repeal  
29 results from the Iowa supreme court decision making House File  
30 692, dealing with the grow Iowa values fund, invalid, which  
31 also made the extension of the surcharge and fund invalid.

32 The division takes effect upon enactment and applies  
33 retroactively to July 1, 2003.

34 MARKETING. This division reaffirms and reenacts the  
35 economic development marketing board and its approval process

1 for marketing strategies. However, the division amends the  
2 reaffirmed and reenacted provisions by providing that the  
3 department of economic development, rather than the marketing  
4 board which is not reestablished, shall accept proposals for  
5 marketing strategies for purposes of selecting a strategy for  
6 the department to administer. The division provides that the  
7 department shall select and approve a proposal that meets  
8 certain criteria and that the department shall implement and  
9 administer the approved marketing strategy. The provisions  
10 amending the economic development marketing board do not apply  
11 retroactively.

12 **INCOME TAXATION BONUS DEPRECIATION AND EXPENSING ALLOWANCE.**

13 This division includes in the references to the Internal  
14 Revenue Code the federal income tax revisions enacted by  
15 Congress in regard to expensing certain depreciable assets and  
16 making these changes applicable for Iowa income tax purposes.

17 The division amends Code sections 422.7 and 422.35 to  
18 couple with the changes to the bonus depreciation deduction  
19 enacted in the federal Jobs and Growth Tax Relief  
20 Reconciliation Act of 2003 (Pub. L. No. 108-27). The bonus  
21 depreciation of 50 percent allowed in that law is allowed for  
22 state income tax purposes for qualified property acquired  
23 after May 5, 2003, and before January 1, 2005.

24 The provisions of the division coupling with federal  
25 expensing changes are retroactively applicable to January 1,  
26 2003, for tax years beginning on or after that date. The  
27 provisions of the division coupling with the changes to the  
28 federal bonus depreciation apply retroactively to tax years  
29 ending after May 5, 2003.

30 The division takes effect upon enactment.

31 **ADVISORY CAPACITY OF BOARDS.** This division provides that,  
32 for only the fiscal year beginning July 1, 2004, and ending  
33 June 30, 2005, the grow Iowa values board, the establishment  
34 and existence of the economic development marketing board, and  
35 the loan and credit guarantee advisory board, as provided for

1 in 2003 Iowa Acts, First Extraordinary Session, chapter 1  
2 (House File 692), are validated. However, the boards shall  
3 serve only in an advisory capacity to the department of  
4 economic development. The composition of the boards shall  
5 consist of the membership in existence on June 15, 2004. This  
6 division takes effect upon enactment.

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HOUSE FILE 2581

H 8645 SEP-7 3

1 Amend House File 2581 as follows:

2 1. Page 14, lines 16 and 17, by striking the  
3 words and figures "and as amended by Pub. L. No. 108-  
4 27, section 202,".

5 2. Page 14, by inserting after line 17 the  
6 following:

7 "Sec. \_\_\_\_ . Section 422.7, Code Supplement 2003, is  
8 amended by adding the following new subsection:

9 NEW SUBSECTION. 38A. a. The increase in the  
10 expensing allowance authorized in section 179(b) of  
11 the Internal Revenue Code, as amended by Pub. L. No.  
12 108-27, section 202, does not apply in computing net  
13 income for state tax purposes. If the taxpayer has  
14 taken such allowance in computing taxable income, the  
15 following adjustments shall be made:

16 (1) Add the total amount of expensing allowance  
17 taken on all property under section 179(b) of the  
18 Internal Revenue Code for the tax year.

19 (2) Subtract an amount equal to the amount of  
20 expensing allowance that would be allowed for property  
21 that qualified for the expensing allowance under  
22 section 179(b) prior to enactment of Pub. L. No. 108-  
23 27, section 202.

24 (3) Any other adjustments to gains or losses to  
25 reflect the adjustments made in subparagraphs (1) and  
26 (2) pursuant to rules adopted by the director.

27 b. The increase in the expensing allowance  
28 authorized in section 179(b) of the Internal Revenue  
29 Code, as amended by Pub. L. No. 108-27, shall apply in  
30 computing net income for state tax purposes, but only  
31 for qualified property acquired after the effective  
32 date of this division of this Act, and before January  
33 1, 2006. For property acquired on or before the  
34 effective date of this division of this Act, if the  
35 taxpayer has taken the increased deduction allowed in  
36 section 179(b), as amended by Pub. L. No. 108-27, in  
37 computing federal adjusted gross income, the  
38 adjustments in paragraph "a" shall be made."

39 3. Page 15, line 6, by inserting after the word  
40 "purposes," the following: "but only".

41 4. Page 15, line 7, by striking the word and  
42 figures "May 5, 2003" and inserting the following:  
43 "the effective date of this division of this Act".

44 5. Page 15, by inserting after line 7, the  
45 following: "For property acquired after May 5, 2003,  
46 and on or before the effective date of this division  
47 of this Act, if the taxpayer has taken the deduction  
48 allowed in section 168(k)(4), as enacted by Pub. L.  
49 No. 108-27, in computing federal adjusted gross  
50 income, the adjustments in paragraph "a" shall be



1 made."

2 6. Page 15, lines 14 and 15, by striking the  
3 words and figures "and as amended by Pub. L. No. 108-  
4 27, section 202,".

5 7. Page 15, by inserting after line 15 the  
6 following:

7 "Sec. \_\_\_\_\_. Section 422.35, Code Supplement 2003,  
8 is amended by adding the following new subsection:

9 NEW SUBSECTION. 18A. a. The increase in the  
10 expensing allowance authorized in section 179(b) of  
11 the Internal Revenue Code, as amended by Pub. L. No.  
12 108-27, section 202, does not apply in computing net  
13 income for state tax purposes. If the taxpayer has  
14 taken such allowance in computing taxable income, the  
15 following adjustments shall be made:

16 (1) Add the total amount of expensing allowance  
17 taken on all property under section 179(b) of the  
18 Internal Revenue Code for the tax year.

19 (2) Subtract an amount equal to the amount of  
20 expensing allowance that would be allowed for property  
21 that qualified for the expensing allowance under  
22 section 179(b) prior to enactment of Pub. L. No. 108-  
23 27, section 202.

24 (3) Any other adjustments to gains or losses to  
25 reflect the adjustments made in subparagraphs (1) and  
26 (2) pursuant to rules adopted by the director.

27 b. The increase in the expensing allowance  
28 authorized in section 179(b) of the Internal Revenue  
29 Code, as amended by Pub. L. No. 108-27, shall apply in  
30 computing net income for state tax purposes, but only  
31 for qualified property acquired after the effective  
32 date of this division of this Act, and before January  
33 1, 2006. For property acquired on or before the  
34 effective date of this division of this Act, if the  
35 taxpayer has taken the deduction allowed in section  
36 179(b), as amended by Pub. L. No. 108-27, in computing  
37 federal adjusted gross income, the adjustments in  
38 paragraph "a" shall be made."

39 8. Page 16, line 4, by inserting after the word  
40 "purposes," the following: "but only".

41 9. Page 16, line 5, by striking the word and  
42 figures "May 5, 2003" and inserting the following:  
43 "the effective date of this division of this Act".

44 10. Page 16, by inserting after line 5, the  
45 following: "For property acquired after May 5, 2003,  
46 and on or before the effective date of this division  
47 of this Act, if the taxpayer has taken the deduction  
48 allowed in section 168(k)(4), as enacted by Pub. L.  
49 No. 108-27, in computing federal adjusted gross  
50 income, the adjustments in paragraph "a" shall be

1 made."

2 11. Page 16, line 10, by striking the word  
3 "amending" and inserting the following: "enacting".

4 12. Page 16, by striking line 11 and inserting  
5 the following: "sections 422.7, subsection 38A, and  
6 422.35, subsection 18A, apply".

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10 HUNTER of Polk

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HOUSE FILE 2581

H 8646 SEP-73

1 Amend House File 2581 as follows:

2 1. Page 16, line 17, by striking the word  
3 "ADVISORY".

4 2. Page 16, line 18, by striking the word  
5 "ADVISORY".

6 3. Page 16, by striking lines 24 and 25 and  
7 inserting the following: "validated."

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11 WISE of Lee

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1 Amend House File 2581 as follows:

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

4 "DIVISION

5 GROW IOWA VALUES BOARD AND FUND

6 Sec. \_\_\_\_\_. GROW IOWA VALUES BOARD AND FUND. The  
7 following provisions, as published in Iowa Code  
8 Supplement 2003, pertaining to the grow Iowa values  
9 board and fund, are reaffirmed and reenacted:

- 10 1. Section 15.108, subsection 9, paragraph "g".
- 11 2. Section 15G.101.
- 12 3. Section 15G.102.
- 13 4. Section 15G.103.
- 14 5. Section 15G.104.
- 15 6. Section 15G.105.
- 16 7. Section 15G.106.
- 17 8. Section 15G.107.
- 18 9. Section 15G.108.
- 19 10. Section 15G.109.
- 20 11. Section 15G.110.
- 21 12. Section 292.4, including the amendment made in  
22 2004 Iowa Acts, House File 2208, section 59.

23 Sec. \_\_\_\_\_. Section 15G.107, Code Supplement 2003,  
24 as reaffirmed and reenacted by this division of this  
25 Act, is amended by adding the following new  
26 subsection:

27 NEW SUBSECTION. 6. Notwithstanding subsection 3,  
28 paragraph "a", it is the policy of this state to  
29 expand and stimulate the state economy by advancing,  
30 promoting, and expanding the biotechnology industry in  
31 this state. To implement this policy, the board shall  
32 consider projects that increase income to individuals  
33 or organizations involved in value-added agribusiness  
34 or biotechnology. In making such considerations, the  
35 board shall not limit job creation criteria to one  
36 specific project site.

37 Sec. \_\_\_\_\_. Section 15.108, subsection 9, paragraph  
38 g, Code Supplement 2003, as reaffirmed and reenacted  
39 by this division of this Act, is amended by adding the  
40 following new unnumbered paragraph:

41 NEW UNNUMBERED PARAGRAPH. This paragraph "g" is  
42 repealed effective July 1, 2010.

43 Sec. \_\_\_\_\_. Section 15G.110, Code Supplement 2003,  
44 as reaffirmed and reenacted by this division of this  
45 Act, is amended by adding the following new unnumbered  
46 paragraph:

47 NEW UNNUMBERED PARAGRAPH. This chapter is repealed  
48 effective July 1, 2010.

49 Sec. \_\_\_\_\_. 2004 Iowa Acts, House File 2207, section  
50 101, is repealed.

3 1 7. Section 15E.227, subsection 2, paragraph "c".  
3 2 Sec. \_\_\_\_ . NEW SECTION. 15E.228 LOAN AND CREDIT  
3 3 GUARANTEE FUND == REPEAL.  
3 4 This division is repealed effective July 1, 2010.>  
3 5 #3. By striking page 13, line 5, through page 14,  
3 6 line 6.  
3 7 #4. Page 16, by striking lines 16 through 30, and  
3 8 inserting the following:  
3 9 <DIVISION  
3 10 REHABILITATION PROJECT TAX CREDITS  
3 11 Sec. \_\_\_\_ . Section 404A.4, subsection 4, as  
3 12 published in Code Supplement 2003, is reaffirmed and  
3 13 reenacted, including the amendments in 2004 Iowa Acts,  
3 14 House File 401, section 1, and Senate File 2298,  
3 15 section 395.  
3 16 Sec. \_\_\_\_ . Section 404A.4, subsection 4, as  
3 17 reaffirmed and reenacted by this division of this Act,  
3 18 is amended by adding the following new unnumbered  
3 19 paragraph:  
3 20 NEW UNNUMBERED PARAGRAPH. This subsection is  
3 21 repealed effective July 1, 2010.>  
3 22 #5. By renumbering as necessary.  
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3 26 WISE of Lee  
  
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3 30 THOMAS of Clayton  
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3 33 BELL of Jasper  
  
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3 37 BERRY of Black Hawk  
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3 41 BUKTA of Clinton  
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3 45 COHOON of Des Moines  
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3 49 CONNORS of Polk  
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4 3 DANDEKAR of Linn  
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4 7 DAVITT of Warren  
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4 11 FOEGE of Linn  
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4 15 FORD of Polk  
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4 19 FREVERT of Palo Alto  
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4 23 GASKILL of Wapello  
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4 27 GREIMANN of Story  
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4 43 JACOBY of Johnson  
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4 47 JOCHUM of Dubuque  
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5 1 KUHN of Floyd  
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5 5 LENSING of Johnson  
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5 9 LYKAM of Scott  
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5 13 MASCHER of Johnson  
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5 17 McCARTHY of Polk  
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5 21 MERTZ of Kossuth  
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5 29 OLDSON of Polk  
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5 33 D. OLSON of Boone  
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5 41 PETERSEN of Polk  
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5 49 REASONER of Union  
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6 19 D. TAYLOR of Linn  
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6 23 T. TAYLOR of Linn  
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6 27 WENDT of Woodbury  
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6 31 WHITAKER of Van Buren  
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6 35 WHITEAD of Woodbury  
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1 Amend House File 2581 as follows:  
2 1. Page 16, by inserting after line 30 the  
3 following:  
4 "DIVISION  
5 CULTURAL AND ENTERTAINMENT DISTRICTS  
6 Sec. \_\_\_\_\_. Section 303.3B, as published in Iowa  
7 Code Supplement 2003, pertaining to cultural and  
8 entertainment districts, is reaffirmed and reenacted.  
9 Sec. \_\_\_\_\_. Section 303.3B, Code Supplement 2003, as  
10 reaffirmed and reenacted by this division of this Act,  
11 is amended by adding the following new subsection:  
12 NEW SUBSECTION. 4. This section is repealed  
13 effective June 30, 2010.  
14 Sec. \_\_\_\_\_. EFFECTIVE DATE AND RETROACTIVE  
15 APPLICABILITY PROVISIONS. This division of this Act,  
16 being deemed of immediate importance, takes effect  
17 upon enactment, and is retroactively applicable to  
18 July 1, 2003."  
19 2. By renumbering as necessary.

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28 THOMAS of Clayton  
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32 HOGG of Linn  
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WENDT of Woodbury  
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- 1 Amend House File 2581 as follows:
- 2 1. By striking page 3, line 18, through page 9,
- 3 line 26.
- 4 2. Title page, line 3, by striking the words
- 5 "workers' compensation,".
- 6 3. By renumbering as necessary.
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WISE of Lee

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BELL of Jasper

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BERRY of Black Hawk

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BUKTA of Clinton

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COHOON of Des Moines

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CONNORS of Polk

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DANDEKAR of Linn

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DAVITT of Warren

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FALLON of Polk

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FOEGE of Linn

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FORD of Polk

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PREVERT of Palo Alto
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GASKILL of Wapello
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GREIMANN of Story
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HEDDENS of Story
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HOGG of Linn
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HUNTER of Polk
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JACOBY of Johnson
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LENSING of Johnson
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SMITH of Marshall
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STEVENS of Dickinson
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SWAIM of Davis
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D. TAYLOR of Linn
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T. TAYLOR of Linn
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THOMAS of Clayton
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WENDT of Woodbury
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WHITAKER of Van Buren
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WHITEAD of Woodbury
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WINCKLER of Scott
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1 Amend House File 2581 as follows:  
2 1. Page 5, lines 10 and 11, by striking the words  
3 "or from causes unrelated to employment".  
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7 HOGG of Linn  
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HOUSE FILE 2581

AN ACT

CONCERNING REGULATORY, TAXATION, AND STATUTORY REQUIREMENTS AFFECTING INDIVIDUALS AND BUSINESS RELATING TO ECONOMIC DEVELOPMENT, WORKERS' COMPENSATION, FINANCIAL SERVICES, UNEMPLOYMENT COMPENSATION EMPLOYER SURCHARGES, INCOME TAXATION BONUS DEPRECIATION AND EXPENSING ALLOWANCES, AND CIVIL ACTION APPEAL BONDS, AND INCLUDING EFFECTIVE DATE, APPLICABILITY, AND RETROACTIVE APPLICABILITY PROVISIONS.

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

DIVISION I

LEGISLATIVE FINDINGS

Section 1. LEGISLATIVE FINDINGS. It is the finding of the general assembly that the recent Iowa supreme court decision of Rants and Iverson v. Vilsack, No. 60/03-1948, June 16, 2004, has invalidated the proper enactment of provisions contained in 2003 Iowa Acts, First Extraordinary Session, chapter 1 (House File 692). It is the intent of the general assembly to reenact and reaffirm certain provisions of House File 692 that were published in the 2003 Iowa Code Supplement, including provisions that were subsequently amended in the 2004 regular session of the Eightieth General Assembly and

validate contracts entered into in reliance on the enactment of provisions published in the 2003 Code Supplement.

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

DIVISION II

ENDOW IOWA GRANTS

Sec. 3. The following provisions, as published in Iowa Code Supplement 2003, pertaining to endow Iowa grants, are reaffirmed and reenacted:

1. Section 15E.301.
2. Section 15E.302.
3. Section 15E.303.
4. Section 15E.304.
5. Section 15E.306.

Sec. 4. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISIONS. This division of this Act, being deemed of immediate importance, takes effect upon enactment, and is retroactively applicable to January 1, 2003, for tax years beginning on or after that date.

DIVISION III

CIVIL ACTION APPEAL BONDS

Sec. 5. Section 625A.9, as published in Iowa Code Supplement 2003, pertaining to supersedeas bonds, is reaffirmed and reenacted.

Sec. 6. Section 625A.9, subsection 2, Code Supplement 2003, as reaffirmed and reenacted by this division of this Act, is amended to read as follows:

2. a. If Except as provided in paragraph "b", if the judgment or order appealed from is for money, such bond shall not exceed one hundred ten percent of the amount of the money judgment.

The court may set a bond in an amount in excess of one hundred ten percent of the amount of the money judgment upon making specific findings justifying such an amount, and in doing so, shall consider, but shall not be limited to consideration of, the following criteria:

(1) The availability and cost of the bond or other form of adequate security.

(2) The assets of the judgment debtor and of the judgment debtor's insurer or indemnitor, if any.

(3) The potential adverse effects of the bond on the judgment debtor, including, but not limited to, the potential adverse effects on the judgment debtor's employees, financial stability, and business operations.

(4) The potential adverse effects of the bond on the judgment creditor and third parties, including public entities.

(5) In a class action suit, the adequacy of the bond to compensate all members of the class.

b. Notwithstanding paragraph "a", in no case shall a bond exceed one hundred million dollars, regardless of the value of the money judgment. This limitation shall not apply in cases where the court finds that the defendant intentionally dissipated the defendant's assets outside the ordinary course of business for the purpose of evading payment of the judgment.

Sec. 7. 2004 Iowa Acts, Senate File 2306, is repealed.

Sec. 8. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISIONS.

1. The section of this division of this Act reaffirming and reenacting section 625A.9, being deemed of immediate importance, takes effect upon enactment, and applies retroactively to July 1, 2003.

2. The section of this division of this Act amending section 625A.9, as reaffirmed and reenacted by this division of this Act, being deemed of immediate importance, takes effect upon enactment of this Act, and applies retroactively to cases pending and filed on or after April 20, 2004, and through June 15, 2004, and to cases pending or filed on or after June 16, 2004.

3. The section of this division of this Act repealing 2004 Iowa Acts, Senate File 2306, being deemed of immediate

importance, takes effect upon enactment.

4. This section of this division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION IV

WORKERS' COMPENSATION

Sec. 9. Section 85.27, subsection 4, Code 2003, is amended to read as follows:

4. For purposes of this section, the employer is obliged to furnish reasonable services and supplies to treat an injured employee, and has the right to choose the care. If the employer chooses the care, the employer shall hold the employee harmless for the cost of care until the employer notifies the employee that the employer is no longer authorizing all or any part of the care and the reason for the change in authorization. An employer is not liable for the cost of care that the employer arranges in response to a sudden emergency if the employee's condition, for which care was arranged, is not related to the employment. The treatment must be offered promptly and be reasonably suited to treat the injury without undue inconvenience to the employee. If the employee has reason to be dissatisfied with the care offered, the employee should communicate the basis of such dissatisfaction to the employer, in writing if requested, following which the employer and the employee may agree to alternate care reasonably suited to treat the injury. If the employer and employee cannot agree on such alternate care, the commissioner may, upon application and reasonable proofs of the necessity therefor, allow and order other care. In an emergency, the employee may choose the employee's care at the employer's expense, provided the employer or the employer's agent cannot be reached immediately. An application made under this subsection shall be considered an original proceeding for purposes of commencement and contested case proceedings under section 85.26. The hearing shall be conducted pursuant to chapter 17A. Before a hearing is scheduled, the parties may choose a telephone hearing or an



in-person hearing. A request for an in-person hearing shall be approved unless the in-person hearing would be impractical because of the distance between the parties to the hearing. The workers' compensation commissioner shall issue a decision within ten working days of receipt of an application for alternate care made pursuant to a telephone hearing or within fourteen working days of receipt of an application for alternate care made pursuant to an in-person hearing. The employer shall notify an injured employee of the employee's ability to contest the employer's choice of care pursuant to this subsection.

Sec. 10. Section 85.34, subsection 2, paragraph u, Code 2003, is amended to read as follows:

u. In all cases of permanent partial disability other than those hereinabove described or referred to in paragraphs "a" through "t" hereof, the compensation shall be paid during the number of weeks in relation to five hundred weeks as the reduction in the employee's earning capacity caused by the disability bears in relation to the body-of-the-injured earning capacity that the employee as-a-whole possessed when the injury occurred.

Sec. 11. Section 85.34, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 7. SUCCESSIVE DISABILITIES.

a. An employer is fully liable for compensating all of an employee's disability that arises out of and in the course of the employee's employment with the employer. An employer is not liable for compensating an employee's preexisting disability that arose out of and in the course of employment with a different employer or from causes unrelated to employment.

b. If an injured employee has a preexisting disability that was caused by a prior injury arising out of and in the course of employment with the same employer, and the preexisting disability was compensable under the same paragraph of section 85.34, subsection 2, as the employee's

present injury, the employer is liable for the combined disability that is caused by the injuries, measured in relation to the employee's condition immediately prior to the first injury. In this instance, the employer's liability for the combined disability shall be considered to be already partially satisfied to the extent of the percentage of disability for which the employee was previously compensated by the employer.

If, however, an employer is liable to an employee for a combined disability that is payable under section 85.34, subsection 2, paragraph "u", and the employee has a preexisting disability that causes the employee's earnings to be less at the time of the present injury than if the prior injury had not occurred, the employer's liability for the combined disability shall be considered to be already partially satisfied to the extent of the percentage of disability for which the employee was previously compensated by the employer minus the percentage that the employee's earnings are less at the time of the present injury than if the prior injury had not occurred.

c. A successor employer shall be considered to be the same employer if the employee became part of the successor employer's workforce through a merger, purchase, or other transaction that assumes the employee into the successor employer's workforce without substantially changing the nature of the employee's employment.

Sec. 12. Section 85.36, subsection 9, paragraph c, Code 2003, is amended by striking the paragraph.

Sec. 13. Section 85.70, Code 2003, is amended to read as follows:

**85.70 ADDITIONAL PAYMENT FOR ATTENDANCE.**

An employee who has sustained an injury resulting in permanent partial or permanent total disability, for which compensation is payable under this chapter, and who cannot return to gainful employment because of such disability, shall upon application to and approval by the workers' compensation

commissioner be entitled to a ~~twenty-dollar~~ one hundred dollar weekly payment from the employer in addition to any other benefit payments, during each full week in which the employee is actively participating in a vocational rehabilitation program recognized by the vocational rehabilitation services division of the department of education. The workers' compensation commissioner's approval of such application for payment may be given only after a careful evaluation of available facts, and after consultation with the employer or the employer's representative. Judicial review of the decision of the workers' compensation commissioner may be obtained in accordance with the terms of the Iowa administrative procedure Act and in section 86.26. Such additional benefit payment shall be paid for a period not to exceed thirteen consecutive weeks except that the workers' compensation commissioner may extend the period of payment not to exceed an additional thirteen weeks if the circumstances indicate that a continuation of training will in fact accomplish rehabilitation.

Sec. 14. Section 86.12, as published in Iowa Code Supplement 2003, is reaffirmed and reenacted.

Sec. 15. Section 86.13A, as published in Iowa Code Supplement 2003, is reaffirmed and reenacted.

Sec. 16. Section 86.13A, unnumbered paragraph 2, Code Supplement 2003, as reaffirmed and reenacted by this Act, is amended to read as follows:

If during any fiscal year commencing after June 30, 2005 2006, the general business practices of an employer or insurer result in the delay of the commencement of voluntary weekly compensation payments after the date specified in section 85.30 more frequently and for a longer number of days than the average number of days for the entire group of employers or insurers, the commissioner may impose an assessment on the employer or insurer payable to the second injury fund created in section 85.66. The amount of the assessment shall be ten dollars, multiplied by the average number of days that weekly

compensation payments were delayed after the date specified in section 85.30, and multiplied by the number of injuries the employer or insurer reported during the fiscal year. Notwithstanding the foregoing, an assessment shall not be imposed if the employer or insurer commenced voluntary weekly compensation benefits within the time specified in section 85.30 for more than seventy-five percent of the injuries reported by the employer or insurer.

Sec. 17. Section 85.55, Code 2003, is repealed.

Sec. 18. EFFECTIVE DATE AND APPLICABILITY PROVISIONS. The sections of this division of this Act amending sections 85.27, 85.34, 85.36, and 85.70, and repealing section 85.55, being deemed of immediate importance, take effect upon enactment and apply to injuries occurring on or after that date.

Sec. 19. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISIONS. The sections of this division of this Act reaffirming and reenacting sections 86.12 and 86.13A and the section of this division of this Act amending section 86.13A as reaffirmed and reenacted, being deemed of immediate importance, take effect upon enactment and are retroactively applicable to injuries occurring on or after July 1, 2003.

Sec. 20. LEGISLATIVE INTENT. It is the intent of the general assembly that this division of this Act will prevent all double recoveries and all double reductions in workers' compensation benefits for permanent partial disability. This division modifies the fresh start and full responsibility rules of law announced by the Iowa supreme court in a series of judicial precedents.

The general assembly recognizes that the amount of compensation a person receives for disability is directly related to the person's earnings at the time of injury. The competitive labor market determines the value of a person's earning capacity through a strong correlation with the level of earnings a person can achieve in the competitive labor market. The market reevaluates a person as a working unit each time the person competes in the competitive labor market,

causing a fresh start with each change of employment. The market's determination effectively apportions any disability through a reduced level of earnings. The market does not reevaluate an employee's earning capacity while the employee remains employed by the same employer.

The general assembly intends that an employer shall fully compensate all of an injured employee's disability that is caused by work-related injuries with the employer without compensating the same disability more than once. This division of this Act creates a formula that applies disability payments made toward satisfaction of the combined disability that the employer is liable for compensating, while taking into account the impact of the employee's earnings on the amount of compensation to be ultimately paid for the disability.

The general assembly does not intend this division of this Act to change the character of any disability from scheduled to unscheduled or vice versa or to combine disabilities that are not otherwise combined under law existing on the effective date of this section of this division of this Act. Combination of successive scheduled disabilities in section 85.34, subsection 7, as enacted in this division of this Act, is limited to disabilities affecting the same member, such as successive disabilities to the right arm. A disability to the left arm that is followed by a disability to the right arm is governed by section 85.64 and is not a successive disability under this division. This division does not alter benefits under the second injury fund, benefits for permanent total disability under section 85.34, subsection 3, the method of determining the degree of unscheduled permanent partial disability, the compensable character of aggravation injuries, or an employer's right to choose the care an injured employee receives, expand the fresh start rule to scheduled disabilities, or change existing law in any way that is not expressly provided in this division.

The general assembly intends that changes in the identity

of the employer that do not require the employee to reenter the competitive labor market will be treated as if the employee remained employed by the same employer.

Sec. 21. EFFECTIVE DATE. Unless otherwise provided, this division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION V  
FINANCIAL SERVICES

Sec. 22. The following provisions, as published in Iowa Code Supplement 2003, pertaining to financial services, are reaffirmed and reenacted:

1. Section 537.2502, subsections 3 and 6.
2. Section 537.2601, subsection 1.

Sec. 23. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISIONS. This division of this Act, being deemed of immediate importance, takes effect upon enactment, and is retroactively applicable to July 1, 2003.

DIVISION VI  
LOAN AND CREDIT GUARANTEE PROGRAM

Sec. 24. The following provisions, as published in Iowa Code Supplement 2003, pertaining to the economic development loan and credit guarantee program, are reaffirmed and reenacted:

1. Section 15E.221.
2. Section 15E.222.
3. Section 15E.223.
4. Section 15E.224.
5. Section 15E.225.

Sec. 25. Section 15E.223, subsection 4, Code Supplement 2003, as reaffirmed and reenacted by this division of this Act, is amended to read as follows:

4. "Targeted industry business" means an existing or proposed business entity, including an emerging small business or qualified business which is operated for profit and which has a primary business purpose of doing business in at least one of the targeted industries designated by the department

which include life sciences, software and information technology, advanced manufacturing, value-added agriculture, and any other industry designated as a targeted industry by the ~~loan-and-credit-guarantee-advisory-board~~ department.

Sec. 26. Section 15E.224, subsections 1, 3, 5, and 7, Code Supplement 2003, as reaffirmed and reenacted by this division of this Act, are amended to read as follows:

1. The department shall, ~~with-the-advice-of-the-loan-and-credit-guarantee-advisory-board,~~ establish and administer a loan and credit guarantee program. The department, pursuant to agreements with financial institutions, shall provide loan and credit guarantees, or other forms of credit guarantees for qualified businesses and targeted industry businesses for eligible project costs. A loan or credit guarantee provided under the program may stand alone or may be used in conjunction with or to enhance other loans or credit guarantees offered by private, state, or federal entities. The department may purchase insurance to cover defaulted loans meeting the requirements of the program. However, the department shall not in any manner directly or indirectly pledge the credit of the state. Eligible project costs include expenditures for productive equipment and machinery, working capital for operations and export transactions, research and development, marketing, and such other costs as the department may so designate.

3. In administering the program, the department shall consult and cooperate with financial institutions in this state ~~and-with-the-loan-and-credit-guarantee-advisory-board.~~ Administrative procedures and application procedures, as practicable, shall be responsive to the needs of qualified businesses, targeted industry businesses, and financial institutions, and shall be consistent with prudent investment and lending practices and criteria.

5. The department, ~~with-the-advice-of-the-loan-and-credit-guarantee-advisory-board,~~ shall adopt a loan or credit guarantee application procedure for a financial institution on

behalf of a qualified business or targeted industry business.

7. The department, ~~with-the-advice-of-the-loan-and-credit-guarantee-advisory-board,~~ may adopt loan and credit guarantee application procedures that allow a qualified business or targeted industry business to apply directly to the department for a preliminary guarantee commitment. A preliminary guarantee commitment may be issued by the department subject to the qualified business or targeted industry business securing a commitment for financing from a financial institution. The application procedures shall specify the process by which a financial institution may obtain a final loan and credit guarantee.

Sec. 27. Section 15E.225, subsections 1 and 2, Code Supplement 2003, as reaffirmed and reenacted by this division of this Act, are amended to read as follows:

1. When entering into a loan or credit guarantee agreement, the department, ~~with-the-advice-of-the-loan-and-credit-guarantee-advisory-board,~~ shall establish fees and other terms for participation in the program by qualified businesses and targeted industry businesses.

2. The department, with due regard for the possibility of losses and administrative costs ~~and-with-the-advice-of-the-loan-and-credit-guarantee-advisory-board,~~ shall set fees and other terms at levels sufficient to assure that the program is self-financing.

Sec. 28. Section 15E.227, subsection 2, paragraph c, Code Supplement 2003, is amended by striking the paragraph.

Sec. 29. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISIONS. This division of this Act, being deemed of immediate importance, takes effect upon enactment, and is retroactively applicable to July 1, 2003.

#### DIVISION VII

#### ADMINISTRATIVE CONTRIBUTION SURCHARGE

Sec. 30. Section 96.9, subsection 8, paragraph e, Code Supplement 2003, is amended to read as follows:

e. Moneys from interest earned on the unemployment

compensation reserve fund shall be used by the department only upon appropriation by the general assembly ~~and only for purposes contained in section 96.7, subsection 12, for department of workforce development rural satellite offices,~~ and for administrative costs to collect the reserve contributions.

Sec. 31. CODE EDITOR'S REMOVAL OF SECTION 96.7, SUBSECTION 12, FROM CODE. Consistent with the Iowa supreme court decision of Rants and Iverson v. Vilsack, No. 60/03-1948, June 16, 2004, the general assembly acknowledges the Code editor's removal of section 96.7, subsection 12, relating to the administrative contribution surcharge and fund, from the Code, due to the subsection's repeal effective July 1, 2003.

Sec. 32. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to July 1, 2003.

DIVISION VIII

MARKETING

Sec. 33. Section 15G.109, as published in Iowa Code Supplement 2003, pertaining to the economic development marketing board, is reaffirmed and reenacted.

Sec. 34. Section 15G.109, subsections 1, 2, and 5, Code Supplement 2003, as reaffirmed and reenacted by this division of this Act, are amended by striking the subsections.

Sec. 35. Section 15G.109, subsections 3 and 4, Code Supplement 2003, as reaffirmed and reenacted by this division of this Act, are amended to read as follows:

3. The department of economic development marketing board shall accept proposals for marketing strategies for purposes of selecting a strategy for the department to administer. The marketing strategies shall be designed to market Iowa as a lifestyle, increase the population of the state, increase the wealth of Iowans, and expand and stimulate the state economy. ~~The economic development marketing board shall submit a recommendation regarding the proposal to the grow Iowa values board, in selecting a marketing strategy for recommendation,~~

~~the economic development marketing board shall base the selection on the goals and performance measures provided in section 15G.107. The grow Iowa values board shall either approve or deny the recommendation. The department shall~~ select and approve a proposal that meets the requirements of this subsection.

4. The department shall implement and administer the approved marketing strategy ~~approved by the grow Iowa values board as provided in subsection 3. The department shall provide the economic development marketing board with assistance in implementing administrative functions of the board and provide technical assistance to the board.~~

Sec. 36. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY. This division of this Act, being deemed of immediate importance, takes effect upon enactment. The section of this division of this Act reaffirming and reenacting Code section 15G.109 is retroactively applicable to July 1, 2003.

DIVISION IX

INCOME TAXATION

BONUS DEPRECIATION AND EXPENSING ALLOWANCE

Sec. 37. Section 422.3, subsection 5, Code Supplement 2003, is amended to read as follows:

5. "Internal Revenue Code" means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended to and including January 1, 2003, and as amended by Pub. L. No. 108-27, section 202, whichever is applicable.

Sec. 38. Section 422.7, subsection 39, Code Supplement 2003, is amended to read as follows:

39. a. The additional first-year depreciation allowance authorized in section 168(k) of the Internal Revenue Code, as enacted by Pub. L. No. 107-147, section 101, does not apply in computing net income for state tax purposes. If the taxpayer has taken such deduction in computing federal adjusted gross income, the following adjustments shall be made:

a- (1) Add the total amount of depreciation taken on all property for which the election under section 168(k) of the Internal Revenue Code was made for the tax year.

b- (2) Subtract an amount equal to depreciation taken allowed on such property for the tax year using the modified accelerated cost recovery system depreciation method applicable under section 168 of the Internal Revenue Code without regard to section 168(k).

c- (3) Any other adjustments to gains or losses to reflect the adjustments made in paragraphs-"a"-and-"b" subparagraphs (1) and (2) pursuant to rules adopted by the director.

b. The additional first-year depreciation allowance authorized in section 168(k)(4) of the Internal Revenue Code, as enacted by Pub. L. No. 108-27, shall apply in computing net income for state tax purposes, for qualified property acquired after May 5, 2003, and before January 1, 2005.

Sec. 39. Section 422.32, subsection 7, Code Supplement 2003, is amended to read as follows:

7. "Internal Revenue Code" means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended to and including January 1, 2003, and as amended by Pub. L. No. 108-27, section 202, whichever is applicable.

Sec. 40. Section 422.35, subsection 19, Code Supplement 2003, is amended to read as follows:

19. a. The additional first-year depreciation allowance authorized in section 168(k) of the Internal Revenue Code, as enacted by Pub. L. No. 107-147, section 101, does not apply in computing net income for state tax purposes. If the taxpayer has taken such deduction in computing taxable income, the following adjustments shall be made:

a- (1) Add the total amount of depreciation taken on all property for which the election under section 168(k) of the Internal Revenue Code was made for the tax year.

b- (2) Subtract an amount equal to depreciation taken allowed on such property for the tax year using the modified accelerated cost recovery system depreciation method applicable under section 168 of the Internal Revenue Code without regard to section 168(k).

c- (3) Any other adjustments to gains or losses to reflect the adjustments made in paragraphs-"a"-and-"b" subparagraphs (1) and (2) pursuant to rules adopted by the director.

b. The additional first-year depreciation allowance authorized in section 168(k)(4) of the Internal Revenue Code, as enacted by Pub. L. No. 108-27, shall apply in computing net income for state tax purposes, for qualified property acquired after May 5, 2003, and before January 1, 2005.

Sec. 41. RETROACTIVE APPLICABILITY.

1. The sections of this division of this Act amending section 422.7, subsection 39, and section 422.35, subsection 19, apply retroactively to tax years ending after May 5, 2003.

2. The sections of this division of this Act amending sections 422.3, subsection 5, and 422.32, subsection 7, apply retroactively to January 1, 2003, for tax years beginning on or after that date.

Sec. 42. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

#### DIVISION X

##### ADVISORY CAPACITY OF BOARDS

Sec. 43. ADVISORY CAPACITY OF BOARDS. For only the fiscal year beginning July 1, 2004, and ending June 30, 2005, the establishment and existence of the grow Iowa values board, the economic development marketing board, and the loan and credit guarantee advisory board, as provided for in 2003 Iowa Acts, First Extraordinary Session, chapter 1 (House File 692), are validated. However, the boards shall serve only in an advisory capacity to the department of economic development. The composition of the boards shall consist of the membership in existence on June 15, 2004.

Sec. 44. EFFECTIVE DATE PROVISION. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

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CHRISTOPHER C. RANTS  
Speaker of the House

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JEFFREY M. LAMBERTI  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2581, Eightieth General Assembly.

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MARGARET THOMSON  
Chief Clerk of the House

Approved \_\_\_\_\_, 2004

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THOMAS J. VILSACK  
Governor