

Senate Study Bill 1036

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON MCKIBBEN)

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

A BILL FOR

1 An Act updating the Iowa Code references to the Internal Revenue
2 Code, coupling with certain provisions of federal law relating
3 to economic growth, and providing a retroactive applicability
4 date and an effective date.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 1076XC 80
7 sc/pj/14

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1 1 Section 1. Section 15.335, subsection 4, Code 2003, is
1 2 amended to read as follows:
1 3 4. For purposes of this section, "base amount", "basic
1 4 research payment", and "qualified research expense" mean the
1 5 same as defined for the federal credit for increasing research
1 6 activities under section 41 of the Internal Revenue Code,
1 7 except that for the alternative incremental credit such
1 8 amounts are for research conducted within this state.
1 9 PARAGRAPH DIVIDED. For purposes of this section, "Internal
1 10 Revenue Code" means the Internal Revenue Code in effect on
1 11 January 1, ~~2002~~ 2003.
1 12 Sec. 2. Section 15A.9, subsection 8, paragraph e, Code
1 13 2003, is amended to read as follows:
1 14 e. For the purposes of this subsection, "base amount",
1 15 "basic research payment", and "qualified research expense"
1 16 mean the same as defined for the federal credit for increasing
1 17 research activities under section 41 of the Internal Revenue
1 18 Code, except that for the alternative incremental credit such
1 19 amounts are for research conducted within this state within
1 20 the zone.
1 21 PARAGRAPH DIVIDED. For purposes of this subsection,
1 22 "Internal Revenue Code" means the Internal Revenue Code in
1 23 effect on January 1, ~~2002~~ 2003.
1 24 Sec. 3. Section 422.3, subsection 5, Code 2003, is amended
1 25 to read as follows:
1 26 5. "Internal Revenue Code" means the Internal Revenue Code
1 27 of 1954, prior to the date of its redesignation as the
1 28 Internal Revenue Code of 1986 by the Tax Reform Act of 1986,
1 29 or means the Internal Revenue Code of 1986 as amended to and
1 30 including January ~~31, 2002~~ 1, 2003, whichever is applicable.
1 31 Sec. 4. Section 422.10, subsection 3, Code 2003, is
1 32 amended to read as follows:
1 33 3. For purposes of this section, "base amount", "basic
1 34 research payment", and "qualified research expense" mean the
1 35 same as defined for the federal credit for increasing research
2 1 activities under section 41 of the Internal Revenue Code,
2 2 except that for the alternative incremental credit such
2 3 amounts are for research conducted within this state.
2 4 PARAGRAPH DIVIDED. For purposes of this section, "Internal
2 5 Revenue Code" means the Internal Revenue Code in effect on
2 6 January 1, ~~2002~~ 2003.
2 7 Sec. 5. Section 422.32, Code 2003, is amended by adding
2 8 the following new subsection:
2 9 NEW SUBSECTION. 6A. "Internal Revenue Code" means the
2 10 Internal Revenue Code of 1954, prior to the date of its
2 11 redesignation as the Internal Revenue Code of 1986 by the Tax
2 12 Reform Act of 1986, or means the Internal Revenue Code of 1986
2 13 as amended to and including January 1, 2003, whichever is
2 14 applicable.
2 15 Sec. 6. Section 422.33, subsection 5, paragraph d, Code
2 16 2003, is amended to read as follows:
2 17 d. For purposes of this subsection, "base amount", "basic
2 18 research payment", and "qualified research expense" mean the
2 19 same as defined for the federal credit for increasing research
2 20 activities under section 41 of the Internal Revenue Code,

2 21 except that for the alternative incremental credit such
2 22 amounts are for research conducted within this state.

2 23 PARAGRAPH DIVIDED. For purposes of this subsection,
2 24 "Internal Revenue Code" means the Internal Revenue Code in
2 25 effect on January 1, ~~2002~~ 2003.

2 26 Sec. 7. RETROACTIVE APPLICABILITY. This Act applies
2 27 retroactively to January 1, 2002, for tax years beginning on
2 28 or after that date. However, the bonus depreciation
2 29 provisions in section 168(k) of the Internal Revenue Code
2 30 apply, for state tax purposes, to tax years ending on or after
2 31 September 10, 2001.

2 32 Sec. 8. EFFECTIVE DATE. This Act, being deemed of
2 33 immediate importance, takes effect upon enactment.

2 34 EXPLANATION

2 35 This bill updates the references to the Internal Revenue
3 1 Code to make the federal income tax revisions enacted by
3 2 Congress in 2002, including the federal Job Creation and
3 3 Workers Assistance Act of 2002, applicable for Iowa income tax
3 4 purposes. Code sections 15.335, 15A.9, 422.10, and 422.33 are
3 5 amended to update the Iowa Code references to the state
3 6 research activities credit for individuals, corporations,
3 7 corporations in economic development areas, and corporations
3 8 in quality jobs enterprise zones to include the 2002 federal
3 9 changes in the research activities credit.

3 10 The provisions of the bill updating references to the
3 11 Internal Revenue Code are retroactively applicable to tax
3 12 years ending on or after September 10, 2001.

3 13 The bill takes effect upon enactment.

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