

FILED MAR 06 2006

COMMERCE

SENATE FILE **2355**

BY BOLKCOM

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

A BILL FOR

1 An Act relating to the reporting of income tax liability by
 2 public utilities with the Iowa utilities board.

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

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COMMERCE

SF 2355

TLSB 6028XS 81

kk/je/5

1 Section 1. Section 476.8, Code 2005, is amended by adding
2 the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. The board, in determining the
4 rates for a public utility which participates in the filing of
5 a consolidated income tax return with an affiliate, shall
6 calculate the amount of income tax liability of the public
7 utility to be included in the revenues of the utility as a
8 share of the consolidated income tax liability reported in the
9 return in proportion to the public utility's and affiliate's
10 respective positive taxable income, excluding from the
11 allocation an affiliate, if any, reporting no positive taxable
12 income on the consolidated income tax return. The board shall
13 include the lesser of the amount of income tax in the revenues
14 of the public utility calculated under this paragraph or the
15 income tax liability of the public utility calculated as
16 though the utility did not participate in the filing of a
17 consolidated income tax return with an affiliate.

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EXPLANATION

19 This bill relates to the reporting of income taxes by a
20 public utility. The bill requires the board to calculate the
21 amount of income tax liability of a public utility that files
22 a consolidated tax return with an affiliate as a proportional
23 share of the total income tax liability of the return based on
24 the positive taxable income of the public utility and
25 affiliate. The bill requires the board to use for determining
26 rates the lesser of the amount of calculated proportional
27 share of public utility from a consolidated tax return or the
28 amount of income tax liability of the public utility without
29 considering whether or not the utility had filed a
30 consolidated tax return.

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