

**House Study Bill 223 - Introduced**

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED GOVERNOR'S BILL)

**A BILL FOR**

1 An Act relating to the tax rates imposed on certain gambling  
2 establishments and corporations and including retroactive  
3 applicability provisions.

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

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DIVISION I

TAXATION OF GAMBLING GAMES

Section 1. Section 99F.11, subsection 2, Code 2011, is amended by striking the subsection and inserting in lieu thereof the following:

2. The tax rate imposed each fiscal year on any amount of adjusted gross receipts over three million dollars shall be thirty-six percent.

DIVISION II

CORPORATE INCOME TAX RATE

Sec. 2. Section 422.33, subsection 1, Code 2011, is amended by striking the subsection and inserting in lieu thereof the following:

1. *a.* A tax is imposed annually upon each corporation doing business in this state, or deriving income from sources within this state, at the rate of six percent of the net income received by the corporation during the income year.

*b.* For purposes of this section:

(1) "*Income from sources within this state*" means income from real, tangible, or intangible property located or having a situs in this state.

(2) "*Net income*" means the net income as calculated in section 422.35 and determined to be reasonably attributable to Iowa pursuant to subsections 2 and 3.

Sec. 3. Section 422.33, subsection 1A, Code 2011, is amended to read as follows:

1A. There is imposed upon each corporation exempt from the general business tax on corporations by section 422.34, subsection 2, a tax at the ~~rates~~ rate specified in subsection 1 upon the state's apportioned share computed in accordance with subsections 2 and 3 of the unrelated business income computed in accordance with the Internal Revenue Code and with the adjustments set forth in section 422.35.

Sec. 4. Section 422.33, subsection 4, unnumbered paragraph 1, Code 2011, is amended to read as follows:

1 In addition to all taxes imposed under this division,  
2 there is imposed upon each corporation doing business within  
3 the state the greater of the tax determined in subsection 17  
4 paragraphs "a" through "d" or the state alternative minimum tax  
5 equal to sixty percent of the maximum state corporate income  
6 tax rate, rounded to the nearest one-tenth of one percent, of  
7 the state alternative minimum taxable income of the taxpayer  
8 computed under this subsection.

9 Sec. 5. RETROACTIVE APPLICABILITY. This division of this  
10 Act applies retroactively to January 1, 2011, for tax years  
11 beginning on or after that date.

12 EXPLANATION

13 This bill relates to certain tax rates applied to gambling  
14 establishments and corporations.

15 Division I of the bill sets a single tax rate of 36 percent  
16 on the adjusted gross receipts over \$3 million from gambling  
17 games authorized under Code chapter 99F. The current Code  
18 provision applies different tax rates of either 22 percent or  
19 24 percent on adjusted gross receipts over \$3 million, based  
20 upon certain provisions.

21 Division II of the bill relates to corporate income tax  
22 rates. Currently, the corporate income tax is imposed in a  
23 progressive manner using four income brackets with increasing  
24 rates: on the first \$25,000 of income, the rate is 6 percent;  
25 on income between \$25,000 and \$100,000, the rate is 8 percent;  
26 on income between \$100,000 and \$250,000, the rate is 10  
27 percent; on income of \$250,000 or more, the rate is 12 percent.  
28 The bill eliminates this tiered bracket and rate structure and  
29 imposes the tax at the rate of 6 percent on the corporation's  
30 net income attributable to Iowa.

31 Division II applies retroactively to tax years beginning on  
32 or after January 1, 2011.