

**Senate File 397 - Introduced**

SENATE FILE 397

BY EDLER

**A BILL FOR**

1 An Act coupling for Iowa tax purposes with certain federal  
2 changes made to the expensing of certain depreciable  
3 business assets under section 179 of the Internal Revenue  
4 Code, and including effective date and retroactive  
5 applicability provisions.

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

1 Section 1. Section 422.7, Code 2017, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 52. Notwithstanding any provision of law  
4 to the contrary, a taxpayer is allowed to take the increased  
5 expensing allowance under section 179 of the Internal Revenue  
6 Code, as amended by Pub. L. No. 114-113, §124, in computing  
7 adjusted gross income for state tax purposes.

8 Sec. 2. Section 422.35, Code 2017, is amended by adding the  
9 following new subsection:

10 NEW SUBSECTION. 26. Notwithstanding any provision of law  
11 to the contrary, a taxpayer is allowed to take the increased  
12 expensing allowance under section 179 of the Internal Revenue  
13 Code, as amended by Pub. L. No. 114-113, §124, in computing  
14 taxable income for state tax purposes.

15 Sec. 3. EFFECTIVE UPON ENACTMENT. This Act, being deemed of  
16 immediate importance, takes effect upon enactment.

17 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies  
18 retroactively to January 1, 2016, for tax years beginning on  
19 or after that date.

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with  
22 the explanation's substance by the members of the general assembly.

23 This bill couples for the Iowa individual and corporate  
24 income tax and franchise tax with federal changes made to the  
25 expensing of certain depreciable business assets under section  
26 179 of the Internal Revenue Code in the federal Protecting  
27 Americans from Tax Hikes Act of 2015 (PATH Act) for tax years  
28 beginning on or after January 1, 2016. The PATH Act, in part,  
29 increased the maximum section 179 deduction from \$25,000 to  
30 \$500,000, and increased the investment limitation at which the  
31 amount of the deduction begins to be reduced from \$200,000 to  
32 \$2 million, for tax years beginning in 2015 or later. The  
33 PATH Act also made these increases permanent and provided for  
34 adjustments to these amounts in the future for inflation.

35 The bill takes effect upon enactment and applies

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1 retroactively to tax years beginning on or after January 1,  
2 2016.