

Senate Study Bill 1210 - Introduced

SENATE FILE _____

BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY CHAIRPERSON
DAWSON)

A BILL FOR

1 An Act concerning the apportionment of certain business income of
2 an airline or a qualified air freight forwarder for purposes
3 of Iowa corporate income tax, and including retroactive
4 applicability provisions.

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

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1 Section 1. Section 422.33, subsection 2, paragraph a,
2 subparagraph (2), Code 2025, is amended by adding the following
3 new subparagraph divisions:

4 NEW SUBPARAGRAPH DIVISION. (Of) Notwithstanding subparagraph
5 division (c), where income is derived by an airline from
6 transportation operations, the part attributable to business
7 within the state shall be in the proportion that the miles of the
8 airline traveled in this state bears to the total miles of such
9 airline traveled everywhere.

10 NEW SUBPARAGRAPH DIVISION. (00f) (i) Notwithstanding
11 subparagraph division (c), where income is derived by a qualified
12 air freight forwarder from transportation operations through an
13 affiliated airline, such income shall be apportioned as follows:

14 (A) For tax years beginning during the 2025 calendar year,
15 ninety percent of such income shall be equitably apportioned
16 as provided in subparagraph division (c), and of the remaining
17 ten percent of such income, the part attributable to business
18 within the state shall be in the proportion that the miles of
19 the qualified air freight forwarder's affiliated airline traveled
20 in this state bears to the total miles of the affiliated airline
21 traveled everywhere.

22 (B) For tax years beginning during the 2026 calendar year,
23 eighty percent of such income shall be equitably apportioned
24 as provided in subparagraph division (c), and of the remaining
25 twenty percent of such income, the part attributable to business
26 within the state shall be in the proportion that the miles of
27 the qualified air freight forwarder's affiliated airline traveled
28 in this state bears to the total miles of the affiliated airline
29 traveled everywhere.

30 (C) For tax years beginning during the 2027 calendar year,
31 seventy percent of such income shall be equitably apportioned
32 as provided in subparagraph division (c), and of the remaining
33 thirty percent of such income, the part attributable to business
34 within the state shall be in the proportion that the miles of
35 the qualified air freight forwarder's affiliated airline traveled

1 in this state bears to the total miles of the affiliated airline
2 traveled everywhere.

3 (D) For tax years beginning during the 2028 calendar year,
4 sixty percent of such income shall be equitably apportioned as
5 provided in subparagraph division (c), and of the remaining forty
6 percent of such income, the part attributable to business within
7 the state shall be in the proportion that the miles of the
8 qualified air freight forwarder's affiliated airline traveled in
9 this state bears to the total miles of the affiliated airline
10 traveled everywhere.

11 (E) For tax years beginning during the 2029 calendar year,
12 fifty percent of such income shall be equitably apportioned as
13 provided in subparagraph division (c), and of the remaining fifty
14 percent of such income, the part attributable to business within
15 the state shall be in the proportion that the miles of the
16 qualified air freight forwarder's affiliated airline traveled in
17 this state bears to the total miles of the affiliated airline
18 traveled everywhere.

19 (F) For tax years beginning during the 2030 calendar year,
20 forty percent of such income shall be equitably apportioned as
21 provided in subparagraph division (c), and of the remaining sixty
22 percent of such income, the part attributable to business within
23 the state shall be in the proportion that the miles of the
24 qualified air freight forwarder's affiliated airline traveled in
25 this state bears to the total miles of the affiliated airline
26 traveled everywhere.

27 (G) For tax years beginning during the 2031 calendar year,
28 thirty percent of such income shall be equitably apportioned
29 as provided in subparagraph division (c), and of the remaining
30 seventy percent of such income, the part attributable to business
31 within the state shall be in the proportion that the miles of
32 the qualified air freight forwarder's affiliated airline traveled
33 in this state bears to the total miles of the affiliated airline
34 traveled everywhere.

35 (H) For tax years beginning during the 2032 calendar year,

1 twenty percent of such income shall be equitably apportioned
2 as provided in subparagraph division (c), and of the remaining
3 eighty percent of such income, the part attributable to business
4 within the state shall be in the proportion that the miles of
5 the qualified air freight forwarder's affiliated airline traveled
6 in this state bears to the total miles of the affiliated airline
7 traveled everywhere.

8 (I) For tax years beginning during the 2033 calendar year,
9 ten percent of such income shall be equitably apportioned as
10 provided in subparagraph division (c), and of the remaining
11 ninety percent of such income, the part attributable to business
12 within the state shall be in the proportion that the miles of
13 the qualified air freight forwarder's affiliated airline traveled
14 in this state bears to the total miles of the affiliated airline
15 traveled everywhere.

16 (J) For tax years beginning on or after January 1, 2034,
17 the part attributable to business within the state shall be
18 in the proportion that the miles of the qualified air freight
19 forwarder's affiliated airline traveled in this state bears to
20 the total miles of the affiliated airline traveled everywhere.

21 (ii) For purposes of this subparagraph division (00f),
22 "qualified air freight forwarder" means a taxpayer who meets all
23 of the following requirements:

24 (A) The taxpayer is primarily engaged in the facilitation of
25 the transportation of property by air.

26 (B) The taxpayer does not itself operate aircraft.

27 (C) The taxpayer is in the same affiliated group as an
28 airline.

29 Sec. 2. Section 422.33, subsection 2, paragraph a,
30 subparagraph (2), subparagraph division (g), Code 2025, is
31 amended to read as follows:

32 (g) Where income consists of more than one class of income as
33 provided in subparagraph divisions (a) through (e) (00f) of this
34 subparagraph, it shall be reasonably apportioned by the business
35 activity ratio provided in rules adopted by the director.

1 that is in the same affiliated group as an airline.

2 The bill states that the qualified air freight forwarder
3 income derived from transportation operations shall be
4 apportioned to Iowa either under the current rules of the
5 director of revenue (current statutory rules), or in the
6 same proportion that the miles of the qualified air freight
7 forwarder's affiliated airline traveled in this state bears to
8 the total miles of the affiliated airline traveled everywhere
9 (affiliated airline mileage rules), based on increasing
10 percentages as enumerated in the bill over a number of tax years.
11 The bill applies retroactively to tax years beginning on or
12 after January 1, 2025.

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