

CHAPTER 1204

TAXATION OF FINANCIAL INSTITUTIONS

H. F. 1294

AN ACT relating to the taxation of financial institutions and credit unions, and the taxation of moneys and credits.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Chapter four hundred twenty-two (422), Code 1966,
2 is hereby amended by inserting a new division composed of sections
3 two (2) through eight (8), inclusive, of this Act.

1 SEC. 2. A franchise tax according to and measured by net income
2 is hereby imposed on financial institutions.

1 SEC. 3. In this Act, unless the context otherwise requires:

2 1. "Financial institution" means a state bank as defined in chapter
3 two hundred seventy-three (273), section one hundred three (103),
4 subsection nineteen (19), Acts of the Sixty-third General Assembly,
5 First Session, a national banking association having its principal
6 office within this state, a trust company, a federally chartered sav-
7 ings and loan association, a financial institution chartered by the
8 federal home loan bank board, an association incorporated or author-
9 ized to do business under chapter five hundred thirty-four (534) of
10 the Code, or a production credit association.

11 2. "Taxable year" means the calendar year or the fiscal year ending
12 during a calendar year, for which the tax is payable.

13 3. "Taxpayer" means a financial institution subject to any tax im-
14 posed by this Act.

15 4. "Net income" means the net income of the financial institution
16 computed in accordance with section four hundred twenty-two point
17 thirty-five (422.35) of the Code, with the exception that interest and
18 dividends from federal securities shall not be subtracted and interest
19 and dividends from evidences of indebtedness and securities of this
20 state and its political subdivisions, exempt from federal income tax
21 under the Internal Revenue Code of 1945 as amended, shall not be
22 added.

1 SEC. 4. The franchise tax is due and payable on the first day fol-
2 lowing the end of the taxable year of each financial institution, and
3 is delinquent after the last day of the fourth month following the
4 due date. Every financial institution shall file a return as prescribed
5 by the director on or before the delinquency date. The provisions of
6 this section shall become effective for all taxable years ending on or
7 after January 1, 1970. For other than calendar year taxpayers, the
8 tax due for the taxable year ending in 1970 shall be, for each month
9 of the taxable year in 1970, one-twelfth of the tax which would be due
10 if this section had been effective for the entire taxable year. As to
11 fiscal years ending prior to the effective date of this Act, the time for
12 filing a return is extended to the last day of the fourth month follow-
13 ing such effective date.

1 SEC. 5. The franchise tax is imposed annually in an amount meas-
2 ured by applying the following rates to the net income received or

3 accrued during the taxable year :

4 1. On the first twenty-five thousand dollars of net income, or any
5 part thereof, five percent.

6 2. On the next fifty thousand dollars of net income, or any part
7 thereof, six percent.

8 3. On the next twenty-five thousand dollars of net income, or any
9 part thereof, seven percent.

10 4. On all net income in excess of one hundred thousand dollars,
11 eight percent.

1 SEC. 6. The franchise tax shall be made payable to the treasurer
2 of state and shall accompany the franchise tax return at the time of
3 filing.

1 SEC. 7. Ten percent of the total moneys received from the fran-
2 chise tax shall be deposited in the state general fund. The remaining
3 moneys received from the franchise tax shall be deposited in a fran-
4 chise tax fund hereby established in the office of the treasurer of
5 state, and shall be paid quarterly on warrants by the state comptroller,
6 after certification by the director of revenue, as follows:

7 1. Fifty percent to the basic school tax equalization fund of the
8 basic school tax unit from which the tax is collected, to be distributed
9 in the same manner as other funds in the basic school tax equalization
10 fund.

11 2. Thirty percent to the general fund of the city or town from
12 which the tax is collected.

13 3. Twenty percent to the general fund of the county from which
14 the tax is collected.

15 If the financial institution maintains one or more offices for the
16 transaction of business, other than its principal office, a portion of
17 its franchise tax shall be allocated to each office, based upon a reason-
18 able measure of the business activity of each office. The director of
19 revenue shall prescribe, for each type of financial institution, a method
20 of measuring the business activity of each office. Financial institutions
21 shall furnish all necessary information for this purpose at the request
22 of the director.

23 Quarterly, the director of revenue shall certify to the treasurer of
24 state the amounts to be paid to each basic school tax unit, city, town,
25 and county from the franchise tax fund. All moneys received from
26 the franchise tax are hereby appropriated according to the provisions
27 of this section.

1 SEC. 8. The department of revenue shall administer and enforce
2 the provisions of this Act, and all applicable provisions of sections
3 four hundred twenty-two point twenty-four (422.24), four hundred
4 twenty-two point twenty-five (422.25), four hundred twenty-two
5 point twenty-six (422.26), four hundred twenty-two point twenty-
6 eight (422.28), four hundred twenty-two point twenty-nine (422.29),
7 and four hundred twenty-two point thirty (422.30) of the Code, and
8 division five (V) of chapter four hundred twenty-two (422) of the
9 Code, apply to financial institutions and to the franchise tax imposed
10 by this Act.

1 SEC. 9. Section four hundred twenty-two point thirty-four
2 (422.34), subsection one (1), Code 1966, as amended by chapter two

3 hundred seventy-three (273), section one thousand eight hundred
4 fourteen (1814), Acts of the Sixty-third General Assembly, First Ses-
5 sion, is hereby further amended by inserting in line four (4) after the
6 word "associations," the words "production credit associations,".

1 SEC. 10. Section four hundred twenty-two point seventy-one
2 (422.71), Code 1966, as amended by chapter three hundred forty-two
3 (342), section one hundred seventeen (117), Acts of the Sixty-second
4 General Assembly, is hereby further amended by striking lines twenty-
5 seven (27) through thirty-four (34), inclusive, and inserting in lieu
6 thereof the following:

7 "the county treasurer of each county and transmit them. The
8 county treasurer shall apportion these amounts twenty percent to the
9 county general fund, fifty percent to the basic school tax equalization
10 fund, and the remaining thirty percent to cities and towns in the
11 proportion that the taxable values for each city and town for 1965 of
12 property subject to taxation in 1965 under sections four hundred
13 twenty-nine point two (429.2) and four hundred thirty-one point one
14 (431.1) of the Code is to the total of such taxable values for all cities
15 and towns within the county."

1 SEC. 11. Section four hundred twenty-seven point thirteen
2 (427.13), Code 1966, as amended by chapter three hundred fifty-six
3 (356), section thirty-seven (37), Acts of the Sixty-second General
4 Assembly, is hereby further amended by striking subsections four (4)
5 through eight (8), inclusive.

1 SEC. 12. Section four hundred twenty-eight point twelve (428.12),
2 Code 1966, as amended by chapter two hundred seventy-three (273),
3 section one thousand eight hundred fifteen (1815), Acts of the Sixty-
4 third General Assembly, First Session, is hereby further amended by
5 striking from lines nine (9) and ten (10) the words and figure "as
6 provided in chapter 430, for the taxing of private banks and bankers,".

1 SEC. 13. Section four hundred twenty-eight point twenty-three
2 (428.23), Code 1966, is hereby amended by striking lines seven (7),
3 eight (8), and nine (9), and inserting in lieu thereof the words "same
4 manner as is required of individuals."

1 SEC. 14. Section four hundred twenty-eight point twenty-seven
2 (428.27), Code 1966, is hereby amended by striking from lines three
3 (3) and four (4) the words and figures "as prescribed in sections
4 431.1 and 431.2".

1 SEC. 15. Chapter four hundred twenty-eight (428), Code 1966, is
2 hereby amended by adding the following section:

3 "For the year 1970 and succeeding years, the real estate, fixtures,
4 equipment, and tangible personal property of every financial institu-
5 tion, as defined in this Act, and of every credit union established under
6 chapter five hundred thirty-three (533) of the Code, shall be listed,
7 assessed, and taxed to the institution or the credit union in the same
8 manner and at the same rate as such property in the hands of indi-
9 viduals."

1 SEC. 16. Chapters four hundred twenty-nine (429) and four hun-
2 dred thirty (430), Code 1966, are hereby repealed.

1 SEC. 17. Section four hundred thirty A point two (430A.2), Code
2 1966, as amended by chapter two hundred seventy-three (273), section
3 one thousand eight hundred twenty-one (1821), Acts of the Sixty-
4 third General Assembly, First Session, is hereby further amended by
5 striking from lines eight (8) and nine (9) the words and figure "ex-
6 cept as provided in section 430A.7 hereof" and inserting in lieu there-
7 of the words "or to production credit associations,".

1 SEC. 18. Section four hundred thirty A point three (430A.3), Code
2 1966, is hereby amended by striking lines eight (8), nine (9), and
3 ten (10) and inserting in lieu thereof the following:
4 "which shall be levied by the board of supervisors, and placed upon
5 the tax list and collected by the county treasurer. The amount col-
6 lected in each taxing district in cities and towns shall be apportioned
7 twenty percent to the county general fund, thirty percent to the city
8 or town general fund, and fifty percent to the basic school tax equali-
9 zation fund, and the amount collected in each taxing district outside
10 of cities and towns shall be apportioned fifty percent to the county
11 general fund and fifty percent to the basic school tax equalization
12 fund. The".

1 SEC. 19. Section four hundred thirty A point seven (430A.7), Code
2 1966, is hereby repealed.

1 SEC. 20. Chapter four hundred thirty-one (431), Code 1966, is
2 hereby repealed.

1 SEC. 21. Section five hundred thirty-three point twenty-two
2 (533.22), Code 1966, is hereby amended as follows:

3 1. By inserting in line three (3) after the comma the words "tan-
4 gible personal property,".

5 2. By adding the following:

6 "The moneys and credits tax on credit unions is hereby imposed
7 at a rate of five mills on each dollar of legal and special reserves of
8 every credit union, and shall be levied by the board of supervisors,
9 and placed upon the tax list and collected by the county treasurer,
10 except that an exemption shall be given to each credit union in the
11 amount of four thousand dollars and, in addition, any amount of the
12 legal and special reserves which are invested in United States govern-
13 ment securities. The amount collected in each taxing district within
14 a city or town shall be apportioned twenty percent to the county gen-
15 eral fund, thirty percent to the city or town general fund, and fifty per-
16 cent to the basic school tax equalization fund, and the amount col-
17 lected in each taxing district outside of cities and towns shall be
18 apportioned fifty percent to the county general fund and fifty percent
19 to the basic school tax equalization fund. The moneys and credits
20 tax shall be collected at the location of the credit union as shown in
21 its articles of incorporation."

1 SEC. 22. No levies or collections shall be made based upon assess-
2 ments made and other procedures undertaken prior to the effective
3 date of this Act in connection with the imposition for the year 1970
4 of taxes repealed or made inapplicable by this Act.

1 SEC. 23. Section four hundred twenty-two point one (422.1), Code
 2 1966, is hereby amended by inserting after line nine (9) the following:
 3 "Division VII Taxation of financial institutions."

1 SEC. 24. This Act being deemed of immediate importance shall
 2 be in full force and effect from and after its final approval and publi-
 3 cation in The Evening Sentinel, a newspaper published at Shenandoah,
 4 Iowa, and the Council Bluffs Nonpareil, a newspaper published at
 5 Council Bluffs, Iowa.

Approved May 1, 1970.

I hereby certify that the foregoing Act, House File 1294, was published in The Evening Sentinel, Shenandoah, Iowa, May 7, 1970, and in the Council Bluffs Nonpareil, Council Bluffs, Iowa, May 8, 1970.

MELVIN D. SYNHORST, *Secretary of State.*

CHAPTER 1205

BUDGETING AND FINANCING GOVERNMENTAL PROGRAMS

S. F. 1312

AN ACT relating to the budgeting and financing of governmental programs.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Chapter two hundred forty-nine (249), section one
 2 (1), Acts of the Sixty-third General Assembly, First Session, is here-
 3 by amended by striking lines twenty-nine (29) through thirty-eight
 4 (38), inclusive, and inserting in lieu thereof the following:

5 "5. This subsection shall be effective for the fiscal year commencing
 6 July 1, 1971 and each fiscal year thereafter. During the last quarter
 7 of each fiscal year an amount equal to ten percent of the net receipts
 8 from two-thirds of the sales tax collected under division four (IV) of
 9 this chapter for the fiscal year, less the amount transferred during
 10 such fiscal year for motor vehicle registration plates, shall be trans-
 11 ferred to the road use tax fund created by section three hundred
 12 twelve point one (312.1) of the Code. The remainder of the net re-
 13 cepts from the sales tax shall be credited to the general fund.

14 6. The following distribution shall be in lieu of the provisions of
 15 subsection five (5) for the fiscal years ending June 30, 1970 and
 16 1971, and for those years only:

17 a. Fiscal year ending June 30, 1970. During the last quarter of the
 18 fiscal year ending June 30, 1970, an amount equal to ten percent of
 19 the net receipts from two-thirds of the sales tax collected under divi-
 20 sion four (IV) of this chapter, less the following deductions, shall be
 21 transferred to the road use tax fund created by section three hundred
 22 twelve point one (312.1) of the Code:

23 (1) The amounts transferred during the fiscal year ending June
 24 30, 1970, for motor vehicle registration plates.

25 (2) The amount appropriated by the general assembly for the fiscal
 26 year ending June 30, 1970, for drivers' training aid under the provi-