

shall take effect and be in force from and after its publication in the Adair County Free Press, a newspaper published in Greenfield, Iowa, and in the Storm Lake Pilot-Tribune, a newspaper published in Storm Lake, Iowa.

Approved April 27, 1978

I hereby certify that the foregoing Act, Senate File 141, was published in the Adair County Free Press, Greenfield, Iowa on May 3, 1978, and in the Storm Lake Pilot-Tribune, Storm Lake, Iowa on May 3, 1978.

MELVIN D. SYNHORST, *Secretary of State*

CHAPTER 1138

INDIVIDUAL AND CORPORATE INCOME TAX

H. F. 2037

AN ACT relating to the computation of individual and corporate income tax and the franchise tax by updating the references to the internal revenue code, by providing for the computation of depreciation and capital loss by certain taxpayers, by allowing a deduction from income by individuals and corporations for the amount of the allowable federal new jobs tax credit and making the Act retroactive.

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

Section 1. Section four hundred twenty-two point four (422.4), subsection seventeen (17), Code 1977, as amended by Acts of the Sixty-seventh General Assembly, 1977 Session, chapter one hundred nineteen (119), section one (1), is amended to read as follows:

17. "Internal Revenue Code of 1954" means the Internal Revenue Code of 1954, as amended to and including January 1, ~~1977~~ 1978.

Sec. 2. Section four hundred twenty-two point seven (422.7), Code 1977, as amended by Acts of the Sixty-seventh General Assembly, 1977 Session, chapter one hundred nineteen (119), sections two (2) and three (3), is amended by adding the following new subsections:

NEW SUBSECTION. Married taxpayers who file a joint federal income tax return and who elect to file separate returns or separate filing on a combined return for Iowa income tax purposes, may avail themselves of the additional first-year depreciation and capital loss provisions of sections one hundred seventy-nine a (179(a)) and twelve hundred eleven

b (1211(b)) respectively of the Internal Revenue Code of 1954 and shall compute the amount of additional first-year depreciation and capital loss subject to the limitations for joint federal income tax return filers provided by sections one hundred seventy-nine b (179(b)) and twelve hundred eleven b (1211(b)) respectively of the Internal Revenue Code of 1954.

NEW SUBSECTION. Subtract the amount of the new jobs tax credit allowable for the tax year under section forty-four B (44B) of the Internal Revenue Code of 1954 to the extent that the credit increased federal adjusted gross income.

Sec. 3. Section four hundred twenty-two point thirty-two (422.32), subsection four (4), Code 1977, as amended by Acts of the Sixty-seventh General Assembly, 1977 Session, chapter one hundred nineteen (119), section nine (9), is amended to read as follows:

4. "Internal Revenue Code of 1954" means the Internal Revenue Code of 1954, as amended to and including January 1, ~~1977~~ 1978.

Sec. 4. Section four hundred twenty-two point thirty-five (422.35), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. Subtract the amount of the new jobs tax credit allowable for the tax year under section forty-four B (44B) of the Internal Revenue Code of 1954 to the extent that the credit increased federal taxable income.

Sec. 5. Section four hundred twenty-two point sixty-one (422.61), subsection four (4), Code 1977, as amended by Acts of the Sixty-seventh General Assembly, 1977 Session, chapter one hundred nineteen (119), section ten (10), is amended to read as follows:

4. "Net income" means the net income of the financial institution computed in accordance with section 422.35, with the exception that interest and dividends from federal securities shall not be subtracted and interest and dividends from evidences of indebtedness and securities of this state and its political subdivisions, exempt from federal income tax under the Internal Revenue Code of 1954 as amended to and including January 1, ~~1977~~ 1978, shall not be added.

Sec. 6. The provisions of this Act are retroactive to January 1, 1977 for tax years beginning on or after January 1, 1977 and to this extent the provisions of this Act are retroactive.

Sec. 7. This Act, being deemed of immediate importance, shall take effect and be in force from and after its

publication in The Record, a newspaper published in Cedar Falls, Iowa, and in the Linn News-Letter, a newspaper published in Central City, Iowa.

Approved February 16, 1978

I hereby certify that the foregoing Act, House File 2037, was published in The Record, Cedar Falls, Iowa on February 28, 1978 and in the Linn News-Letter, Central City, Iowa on March 1, 1978.

MELVIN D. SYNHORST, *Secretary of State*

CHAPTER 1139
INCOME TAX COMPUTATIONS

S. F. 2210

AN ACT relating to the method of deducting net operating losses and political contributions in computing the income tax liability of individuals and corporations.

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

Section 1. Section four hundred twenty-two point nine (422.9), subsection two (2), Code 1977, as amended by Acts of the Sixty-seventh General Assembly, 1977 Session, chapter one hundred nineteen (119), sections four (4) and five (5), is amended to read as follows:

2. The total of contributions, interest, taxes, medical expense, nonbusiness losses and miscellaneous expenses deductible for federal income tax purposes under the Internal Revenue Code of 1954, with the following adjustments:

Sec. 2. Section four hundred twenty-two point nine (422.9), subsection two (2), paragraph c, Code 1977, is amended to read as follows:

c. Add the amount donated ~~to-a-political-party-or-parties as-defined-by-section-43-2~~ as a political contribution as defined in section forty-one c (41 (c)) of the Internal Revenue Code of 1954, not to exceed one hundred dollars or two hundred dollars in the case of a married couple filing a joint return.

Sec. 3. Section four hundred twenty-two point nine (422.9), subsection two (2)*, Code 1977, as amended by Acts of the Sixty-seventh General Assembly, 1977 Session, chapter one hundred nineteen (119), sections four (4) and five (5), is amended by adding the following new subsection:*

NEW SUBSECTION. If after applying all of the adjustments

*According to enrolled Act