

Sec. 5. This Act, being deemed of immediate importance, takes effect from and after its publication in The Hudson Herald, a newspaper published in Hudson, Iowa, and in The Daily Nonpareil, a newspaper published in Council Bluffs, Iowa.

Approved May 31, 1983

I hereby certify that the foregoing Act, House File 631 was published in The Hudson Herald, Hudson, Iowa on June 9, 1983 and in The Daily Nonpareil, Council Bluffs, Iowa on June 6, 1983.

MARY JANE ODELL, *Secretary of State*

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## CHAPTER 174

### INCOME TAX DEDUCTION FOR CERTAIN EMPLOYMENT

*S.F. 524*

**AN ACT** relating to the computation of net income for purposes of the state individual and corporate income tax by providing an additional business deduction for wages paid or accrued for work done in the state by certain individuals.

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

Section 1. Section 422.7, Code 1983, is amended by adding the following new subsection:

**NEW SUBSECTION. 17.** If the adjusted gross income includes income or loss from a small business operated by the taxpayer, an additional deduction shall be allowed in computing the income or loss from the small business if the small business hired for employment in the state during its annual accounting period ending with or during the taxpayer's tax year any of the following:

a. A handicapped individual domiciled in this state at the time of the hiring meets any of the following conditions:

(1) Has a physical or mental impairment which substantially limits one or more major life activities.

(2) Has a record of that impairment.

(3) Is regarded as having that impairment.

b. An individual domiciled in this state at the time of the hiring who meets any of the following conditions:

(1) Has been convicted of a felony in this or any other state or the District of Columbia.

(2) Is on parole pursuant to chapter 906.

(3) Is on probation pursuant to chapter 907, for an offense other than a simple misdemeanor.

(4) Is in a work release program pursuant to chapter 247A.

c. An individual, whether or not domiciled in this state at the time of the hiring, who is on parole or probation and to whom the interstate probation and parole compact under section 247.40 applies.

The amount of the additional deduction is equal to fifty percent of the wages paid to individuals named in paragraphs a, b, and c who were hired for the first time by that business during the annual accounting period for work done in the state. This additional deduction is allowed for the wages paid to those individuals successfully completing a probationary period during the twelve months following the date of first employment by the business and shall be deducted at the close of the annual accounting period.

The additional deduction shall not be allowed for wages paid to an individual who was hired to replace an individual whose employment was terminated within the twelve-month period preceding the date of first employment. However, if the individual being replaced left employment voluntarily without good cause attributable to the employer or if the individual was discharged for misconduct in connection with the individual's employment as determined by the Iowa department of job service, the additional deduction shall be allowed.

A taxpayer who is a partner of a partnership or a shareholder of a subchapter S corporation, may deduct that portion of wages qualified under this subsection paid by the partnership or subchapter S corporation based on the taxpayer's pro rata share of the profits or losses from the partnership or subchapter S corporation.

For purposes of this subsection, "physical or mental impairment" means any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the body systems or any mental or psychological disorder, including mental retardation, organic brain syndrome, emotional or mental illness and specific learning disabilities.

For purposes of this subsection, "small business" means small business as defined in section 220.1, subsection 28, except that it shall also include the operation of a farm.

Sec. 2. Section 422.35, Code 1983, is amended by adding after subsection 6 the following new subsection and renumbering the remaining subsections:

**NEW SUBSECTION. 7.** If the taxpayer is a small business corporation, subtract an amount equal to fifty percent of the wages paid to individuals named in paragraphs a, b, and c who were hired for the first time by the taxpayer during the tax year for work done in this state:

a. A handicapped individual domiciled in this state at the time of the hiring meets any of the following conditions:

(1) Has a physical or mental impairment which substantially limits one or more major life activities.

(2) Has a record of that impairment.

(3) Is regarded as having that impairment.

b. An individual domiciled in this state at the time of the hiring who meets any of the following conditions:

(1) Has been convicted of a felony in this or any other state or the District of Columbia.

(2) Is on parole pursuant to chapter 906.

(3) Is on probation pursuant to chapter 907, for an offense other than a simple misdemeanor.

(4) Is in a work release program pursuant to chapter 247A.

c. An individual, whether or not domiciled in this state at the time of the hiring, who is on parole or probation and to whom the interstate probation and parole compact under section 247.40 applies.

This deduction is allowed for the wages paid to the individuals successfully completing a probationary period named in paragraphs a, b, and c during the twelve months following the date of first employment by the taxpayer and shall be deducted in the tax years when paid.

For purposes of this subsection, "physical or mental impairment" means any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the body systems or any mental or psychological disorder, including mental retardation, organic brain syndrome, emotional or mental illness and specific learning disabilities.

For purposes of this subsection, "small business" means small business as defined in section 220.1, subsection 28, except that it shall also include the operation of a farm.

Sec. 3. This Act takes effect January 1 following enactment for tax years beginning on or after the effective date.

Approved June 3, 1983

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**CHAPTER 175**  
**GRAIN DEALERS' AND WAREHOUSE OPERATORS' FEES**  
*S.F. 544*

**AN ACT** relating to fees charged to grain dealers and grain warehouse operators by the commerce commission under chapters 542 and 543.

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

Section 1. Section 542.3, subsection 2, paragraph a, Code 1983, is amended to read as follows:

a. A class 1 license is required if the grain dealer purchases any grain by credit-sale contract, or if the value of grain purchased by the grain dealer from producers during the grain dealer's previous fiscal year exceeds ~~two hundred fifty~~ five hundred thousand dollars. Any other grain dealer may elect to be licensed as a class 1 grain dealer.

Sec. 2. Section 542.3, subsection 2, paragraph b, Code 1983, as amended by 1983 Iowa Acts, Senate File 402, section 1, is amended to read as follows:

b. A class 2 license is required for any grain dealer not holding a class 1 license. A class 2 licensee whose purchases from producers during a fiscal year exceed a limit of ~~two hundred fifty~~ five hundred thousand dollars in value shall file within thirty days of the date the limit is reached a complete application for a class 1 license. If a class 1 license is denied, the person immediately shall cease doing business as a grain dealer.

Sec. 3. Sections 542.6 and 543.33 as temporarily amended by 1981 Iowa Acts, chapter 180, sections 7 and 26, are temporarily reenacted effective July 1, 1983, until July 1, 1984.

Sec. 4. 1981 Iowa Acts, chapter 180, section 32, is amended to read as follows:

SEC. 32. It is the intent of the general assembly that sections 7 and 26 of this Act shall have temporary effect only, and that sections 542.6 and 543.33, Code 1981, as they existed prior to amendment by this Act shall be the law of this state on and after July 1, ~~1983~~ 1984.

Approved June 3, 1983