

8. Sell all or part of its assets to another central or corporate credit union and assume the liabilities of a selling central or corporate credit union if the action is approved by the majority vote of the board of directors at a meeting called for that purpose.

9. Invest in the shares or deposits of another similarly organized corporate credit union, central credit union, or central liquidity facility.

10. Make other investments approved by the administrator.

11. The corporate central credit union shall not be required to transfer to its legal reserve more than five percent of its net income for the year.

Sec. 9. Section 533.64, unnumbered paragraph 1, Code 1985, is amended to read as follows:

~~Every~~ Except as provided in section 533.12, subsection 2, a credit union organized under this chapter, as a condition of maintaining its privilege of organization after December 31, 1980, shall acquire and maintain insurance to protect each shareholder and each depositor against loss of funds held on account by the credit union. ~~Such~~ The insurance shall be obtained from the national credit union administrator or from some other share guarantor or insurance plan approved by the Iowa commissioner of insurance and the administrator of the credit union department. ~~Every credit union not so insured as of January 1, 1979, shall submit an application for share and deposit insurance not later than July 1, 1979.~~

Approved May 31, 1985

CHAPTER 243
ALTERNATIVE MINIMUM TAX
S.F. 24

AN ACT to impose a state alternative minimum tax to replace the state minimum tax under the individual income tax and making the Act retroactive.

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

Section 1. Section 422.5, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 15. There is imposed upon every resident and nonresident of this state, including estates and trusts, the greater of the tax determined in subsections 1 through 14 or the state alternative minimum tax equal to nine percent of the state alternative minimum taxable income of the taxpayer as computed under this subsection.

The state alternative minimum taxable income of a taxpayer is equal to the taxpayer's state taxable income, as computed with the deductions in section 422.9, with the following adjustments:

a. Add items of tax preference included in federal alternative minimum taxable income under section 57 of the Internal Revenue Code of 1954. In the case of an estate or trust, the items of tax preference shall be apportioned between the estate or trust and the beneficiaries in accordance with rules prescribed by the director. For purposes of computing the items of

tax preference, the gain or loss from the forfeiture of an installment real estate contract, the transfer of real or personal property securing a debt to a creditor in cancellation of that debt or from the sale or exchange of property as a result of actual notice of foreclosure shall not be taken into account in computing net capital gain if all of the following conditions are met:

(1) The forfeiture, transfer, or sale or exchange was done for the purpose of establishing a positive cash flow.

(2) Immediately before the forfeiture, transfer, or sale or exchange, the taxpayer's debt to asset ratio exceeded seventy-five percent as computed under generally accepted accounting practices.

(3) The taxpayer's net worth at the end of the tax year is less than seventy-five thousand dollars.

In determining a taxpayer's net worth at the end of the tax year a taxpayer shall include any asset transferred within one hundred twenty days prior to the end of the tax year without adequate and full consideration in money or money's worth. In determining the taxpayer's debt to asset ratio, the taxpayer shall include any asset transferred, within one hundred twenty days prior to such forfeiture, transfer, or sale or exchange, without adequate and full consideration in money or money's worth. For purposes of this subsection, actual notice of foreclosure includes, but is not limited to, bankruptcy or written notice from a creditor of the creditor's intent to foreclose where there is reasonable belief that the creditor can force a sale of the property.

b. Subtract the applicable exemption amount as follows:

(1) Seventeen thousand five hundred dollars for a married person who files separately or for an estate or trust.

(2) Twenty-six thousand dollars for a single person or an unmarried head of household.

(3) Thirty-five thousand dollars for a married couple which files a joint return.

c. Subtract the amount of the net operating loss computed in section 422.9, subsection 3, for a tax year other than the current year which was carried back or carried forward to the current year under section 422.9, subsection 3, paragraph "a", "b" or "c". However, in the case of a net operating loss computed for a tax year beginning after December 31, 1982 which is carried back or carried forward to the current taxable year, the net operating loss shall be reduced by the amount of the items of tax preference arising in such year which was taken into account in computing the net operating loss in section 422.9, subsection 3.

The state alternative minimum tax of a taxpayer whose items of tax preference include the gain or loss from the forfeiture of an installment real estate contract, the transfer of real or personal property securing a debt to a creditor in cancellation of that debt or from the sale or exchange of property as a result of actual notice of foreclosure where the fair market value of the taxpayer's assets exceeds the taxpayer's liabilities immediately before such forfeiture, transfer, or sale or exchange shall not be greater than such excess, including any asset transferred within one hundred twenty days prior to such forfeiture, transfer, or sale or exchange.

In the case of a resident, including a resident estate or trust, the state's apportioned share of the state alternative minimum tax is one hundred percent of the state alternative minimum tax computed in this subsection. In the case of a nonresident, including a nonresident estate or trust, or an individual, estate or trust that is domiciled in the state for less than the entire tax year, the state's apportioned share of the state alternative minimum tax is the amount of tax computed under this subsection, reduced by the applicable credits in sections 422.10, 422.11, 422.11A as enacted by 1985 Iowa Acts, Senate File 395, section 80 and 422.12 and this

result multiplied by a fraction with a numerator of the sum of state net income allocated to Iowa as determined in section 422.8, subsection 2, and tax preference items attributable to Iowa and with a denominator of the sum of total net income computed under section 422.7 and all tax preference items. In computing this fraction, those items excludable under paragraph "a" shall not be used in computing the tax preference items. Married taxpayers electing to file separate returns or separately on a combined return must allocate the minimum tax computed in this subsection in the proportion that each spouse's respective preference items under section 57 of the Internal Revenue Code of 1954 bear to the combined preference items of both spouses.

Sec. 2. Section 422.5, Code 1985, is amended by striking unnumbered paragraph 10.

Sec. 3. Section 422.8, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 4. The amount of minimum tax paid to another state or foreign country by a resident taxpayer of this state from preference items derived from sources outside of Iowa shall be allowed as a credit against the tax computed under this division except that the credit shall not exceed what the amount of state alternative minimum tax would have been on the same preference items which were taxed by the other state or foreign country. The limitation on this credit shall be computed according to the following formula: The total of preference items earned outside of Iowa and taxed by another state or foreign country shall be divided by the total of preference items of the resident taxpayer of Iowa. In computing this quotient, those items excludable under section 422.5, subsection 15, paragraph "a" shall not be used in computing the preference items. This quotient multiplied times the net state alternative minimum tax as determined in section 422.5, subsection 15, on the total of preference items as if entirely earned in Iowa shall be the maximum tax credit against the Iowa alternative minimum tax. However, the maximum tax credit will not be allowed to the extent that the minimum tax imposed by the other state or foreign country is less than the maximum tax credit computed above.

Sec. 4. In computing the items of tax preference for purposes of the Iowa minimum tax for a tax year beginning in the 1984 calendar year, the gain or loss from the forfeiture of an installment real estate contract, the transfer of property to a creditor in cancellation of a debt or from the sale or exchange of property as a result of actual notice of foreclosure shall not be taken into account in computing net capital gain if, immediately before such forfeiture, transfer, or sale or exchange, the taxpayer's liabilities exceed the fair market value of the taxpayer's assets and the taxpayer's net worth at the end of the tax year is less than one hundred thousand dollars. For purposes of this section, actual notice of foreclosure includes, but is not limited to, bankruptcy or written notice from a creditor of the creditor's intent to foreclose where there is reasonable belief that the creditor can force a sale of the property. In computing the Iowa minimum tax for a tax year beginning in the 1984 calendar year, the Iowa minimum tax of a taxpayer whose items of tax preference include the gain or loss from the forfeiture of an installment real estate contract, the transfer of property to a creditor in cancellation of a debt or from the sale or exchange of property as a result of actual notice of foreclosure where the fair market value of the taxpayer's assets exceeds the taxpayer's liabilities immediately before such forfeiture, transfer, or sale or exchange shall not be greater than such excess. A taxpayer who has filed a state return for such tax year may file an amended state return for such tax year with the state minimum tax calculated on the basis of what the federal minimum tax would have been if such items had not been included in the federal minimum tax calculation of net capital gain or with the state minimum tax calculated on the basis of such limitation on the amount of state minimum tax.

Sec. 5. 1985 Iowa Acts, Senate File 395, section 102 is retroactive to January 1, 1985.

Sec. 6. Except for sections 4 and 5, this Act is retroactive to January 1, 1985 for tax years beginning on or after that date. Section 4 of this Act is retroactive to January 1, 1984 for tax years beginning on or after January 1, 1984 and beginning before January 1, 1985. For taxpayers with capital gains transactions occurring between January 1, 1985 and May 1, 1985, the 1985 Iowa minimum tax may be computed under the law in effect on December 31, 1984.

Approved May 31, 1985

CHAPTER 244
MONTHLY EMPLOYMENT STATISTICS
S.F. 435

AN ACT relating to the distribution of monthly employment and unemployment statistics by the department of job service.

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

Section 1. Section 96.11, subsection 3, Code 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The department shall distribute monthly to the public a press release containing the most recent employment and unemployment statistics adjusted according to the current population survey and containing other statistics which the department determines are of interest to the public.

Approved May 31, 1985