

3. One member to serve from July 1, 1986, to ~~June~~ April 30, 1990. Thereafter, all appointments shall be for four-year terms beginning and ending as provided in section 69.19.

Sec. 102. Sections 135.43, 135.44, 144.6 through 144.8, 144.10, and 144.11, Code 1987, are repealed.

Sec. 103. Sections 67 and 78 of this Act, being deemed of immediate importance, take effect upon its enactment.

Approved May 4, 1988

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## CHAPTER 1159

### ANNUITY CONTRACT PREMIUMS TAX

*S.F. 2338*

**AN ACT** relating to the deduction of premiums received in connection with annuity contracts in computing the gross amount of premiums for purpose of the state gross premiums tax, requiring related reports by the commissioner of insurance, and providing applicable and effective dates.

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

Section 1. Section 432.1, subsection 1, Code 1987, is amended by adding the following new unnumbered paragraph:

**NEW UNNUMBERED PARAGRAPH.** In determining the gross amount of premiums to be taxed, there shall be excluded all consideration received in connection with an annuity contract, whether or not such contract is qualified or exempt under the federal Internal Revenue Code as now or hereafter amended, and all premiums returned to policyholders or annuitants during the preceding calendar year, except cash surrender values, and all dividends that, during said year, have been paid in cash or applied in reduction of premiums or left to accumulate to the credit of policyholders or annuitants.

Sec. 2. Section 505.8, Code 1987, is amended by adding the following new unnumbered paragraph:

**NEW UNNUMBERED PARAGRAPH.** The commissioner shall do the following:

1. By July 1, 1988, prepare a report on the level of Iowa investments of Iowa domestic and nondomestic insurance companies.

2. By September 1, 1988, prepare a plan of action outlining the alternatives and incentives for increasing in-state investments of domestic and nondomestic insurance companies.

3. By July 1, 1989, prepare a report on the number of new jobs added, new companies that have moved to or established subsidiaries in the state, and the approximate amount of tax revenues resulting from the expanded deduction of premiums for all annuity contracts in computing the premiums tax under section 432.1, subsection 1.

4. On an annual basis, prepare a report identifying the premium volume of nonqualified insurance annuities issued by domestic insurance companies doing at least a volume of five million dollars per annum, and relating that to projections for increased volume of such sales.

5. The reports prepared under subsections 1, 2, and 3 shall, upon completion, be forwarded to the members of the house standing committee on small business and commerce and the house standing committee on ways and means and to members of the senate standing committee on commerce and the senate standing committee on ways and means.

Domestic insurance companies shall cooperate with the commissioner in providing information to develop the reports under this section.

Sec. 3. Section 1 of this Act is effective July 1, 1988, and applies to premiums for annuity contracts received on or after that date for purposes of determining the tax imposed on the gross amount of premiums received during the 1988 and subsequent calendar years.

Sec. 4. Section 2 of this Act is effective upon enactment.

Approved May 5, 1988

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## CHAPTER 1160

### COMMUNITY-BASED CORRECTIONAL PROGRAMS

*S.F. 173*

**AN ACT** establishing priorities for deductions from the earnings of residents of community-based correctional facilities.

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

Section 1. Section 905.8, Code 1987, is amended by adding the following new unnumbered paragraphs:

NEW UNNUMBERED PARAGRAPH. The deputy director of the department of corrections responsible for community-based correctional programs shall reallocate funds allocated by the department among the judicial districts as necessary to assure an equitable allocation of district departmental staff throughout the state and to comply with section 905.10.

NEW UNNUMBERED PARAGRAPH. The deputy director of the department of corrections responsible for community-based correctional programs shall comply with section 246.108, subsection 1, paragraph "i".

Sec. 2. Section 905.12, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

#### 905.12 SURRENDER OF EARNINGS.

When committing a person to a residential treatment center operated by a judicial district department of correctional services, the court shall order the person to surrender to the district department their total earnings less payroll deductions required by law. The court shall establish the person's legal obligations by order and the district department shall deduct from the earnings to satisfy the court order in the following order of priority:

1. An amount the resident may be legally obligated to pay for the support of dependents, which shall be paid to the dependents directly or through the department of human services in the county in which the dependents reside. For the purpose of this subsection, "legally obligated" means under a court order.

2. An amount determined to be the cost to the judicial district department of correctional services for food, lodging, and other expenses incurred by or on behalf of the resident.

3. Restitution ordered by the court under chapter 910.

4. Any other financial obligations which are admitted to by the resident or any judgment granted by the court to another person to whom the resident owes money, but no earnings of a resident are subject to garnishment while the person is committed to the center.

Any balance remaining after deductions and payments shall be credited to the resident's personal account at the district department and shall be paid to the resident upon release. The deputy director of the department of corrections responsible for community-based correctional