

required under section 805.6, the scheduled fine shall be five dollars. However, violations charged by a city upon simple notice of a fine instead of a uniform citation and complaint as permitted by section 321.236, subsection 1, paragraph "a", are not scheduled violations, and this section shall not apply to any offense charged in that manner. For a parking violation under section 111.38 or 321.362 the scheduled fine is ten dollars.

Approved April 17, 1990

CHAPTER 1171

INCOME TAX

S.F. 2114

AN ACT relating to the updating of references to the federal Internal Revenue Code, relating to income tax and the computation of net income, providing an effective date, and providing certain retroactive applicability dates.

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

Section 1. Section 422.3, subsection 5, Code Supplement 1989, is amended to read as follows:

5. "Internal Revenue Code" means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended to and including January 1, ~~1989~~ 1990, whichever is applicable.

Sec. 2. Section 422.7, subsection 16, unnumbered paragraph 1, Code Supplement 1989, is amended to read as follows:

Subtract the income ~~or loss~~ resulting 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 if all of the following conditions are met:

Sec. 3. Section 422.10, unnumbered paragraph 1, Code 1989, is amended to read as follows:

The taxes imposed under this division shall be reduced by a state tax credit for increasing research activities in this state. For individuals, the credit equals six and one-half percent of the state's apportioned share of the qualifying expenditures for increasing research activities. The state's apportioned share of the qualifying expenditures for increasing research activities is a percent equal to the ratio of qualified research expenditures in this state to total qualified research expenditures. For purposes of this section, an individual may claim a research credit for qualifying research expenditures incurred by a partnership, subchapter S corporation, ~~and~~ estate, or trust electing to have the income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of a partnership, subchapter S corporation, ~~or estate~~, or trust. For purposes of this section, "qualifying expenditures for increasing research activities" means the qualifying expenditures as defined for the federal credit for increasing research activities which would be allowable under section 41 of the Internal Revenue Code in effect on January 1, 1990.

Sec. 4. Section 422.12B, subsection 1, Code Supplement 1989, is amended to read as follows:

1. The taxes imposed under this division, less credits allowed under sections 422.10 through 422.12, shall be reduced by an earned income credit equal to ~~five~~ six and one-half percent of the federal earned income credit received by the taxpayer under section 32(b) of the Internal Revenue Code. Any credit in excess of the tax liability is nonrefundable.

Sec. 5. Section 422.33, subsection 5, unnumbered paragraph 1, Code Supplement 1989, is amended to read as follows:

The taxes imposed under this division shall be reduced by a state tax credit for increasing research activities in this state equal to six and one-half percent of the state's apportioned share of the qualifying expenditures for increasing research activities. The state's apportioned share of the qualifying expenditures for increasing research activities is a percent equal to the ratio of qualified research expenditures in this state to the total qualified research expenditures. For purposes of this subsection, "qualifying expenditures for increasing research activities" means the qualifying expenditures as defined for the federal credit for increasing research activities which would be allowable under section 41 of the Internal Revenue Code in effect on January 1, 1990.

Sec. 6. Section 422.35, subsection 11, Code Supplement 1989, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. The limitations on net operating loss carryback and carryforward under sections 172(b)(1)(M) and 172(m) of the Internal Revenue Code shall apply.

Sec. 7. 1989 Iowa Acts, chapter 285, section 10, is amended to read as follows:

SEC. 10. ~~Sections 1 and 3~~ Section 2 of this Act are ~~is~~ retroactive to January 1, 1988, for tax years beginning on or after that date.

Sec. 8.

Sections 1 and 6 of this Act are retroactively applicable to January 1, 1989, for tax years beginning on or after that date.

Sec. 9.

Section 2 of this Act is retroactively applicable to January 1, 1986, for tax years beginning on or after that date.

Sec. 10.

Sections 3, 4, and 5 of this Act take effect January 1, 1991, and are applicable for tax years beginning on or after that date.

Sec. 11.

Section 7 of this Act is retroactively applicable to January 1, 1988, for tax years beginning on or after that date.

Approved April 17, 1990