

CHAPTER 1164**DESTRUCTION OF TRANSPORTATION DEPARTMENT RECORDS***S.F. 2038*

AN ACT to provide for the destruction of state department of transportation records.

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

Section 1. Section 321.12, Code 1993, is amended to read as follows:

321.12 OBSOLETE RECORDS DESTROYED.

The director may destroy any records of the department which have been maintained on file for three years which the director deems obsolete and of no further service in carrying out the powers and duties of the department. However, operating records relating to a person who has been issued a commercial driver's license shall be maintained on file in accordance with rules adopted by the department. Records concerning suspensions authorized under section 321.210, subsection 1, paragraph "g", and section 321.210A may be destroyed six months after the suspension is terminated and the requirements of section 321.191 have been satisfied. Records concerning suspensions and surrender of licenses or registrations required under section 321A.31 for failing to maintain proof of financial responsibility as defined in section 321A.1, may be destroyed six months after the requirements of sections 321.191 and 321A.29, have been satisfied.

Sec. 2. Section 321.12, Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The director shall destroy any operating records pertaining to arrests or convictions for operating while intoxicated, in violation of section 321J.2, which are more than twelve years old. The twelve-year period shall commence with the date of the arrest or conviction for the offense, whichever first occurs. However, the director shall not destroy operating records which pertain to arrests or convictions for operating while intoxicated after the expiration of twelve years when the motor vehicle being operated was a commercial motor vehicle.

Approved May 10, 1994

CHAPTER 1165**STATE TAXES – MISCELLANEOUS PROVISIONS***S.F. 2057*

AN ACT relating to the procedures, requirements, liability, and penalties for the imposition and collection of state taxes, refund and credit claims, and state finances and providing effective and retroactive applicability date provisions.

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

Section 1. Section 421.4, Code 1993, is amended to read as follows:

421.4 DEPUTIES.

The director may appoint deputy directors and may designate one or more of the deputies as acting director. A deputy designated to serve in the absence of the director has all of the powers possessed by the director. The director may employ certified public accountants, engineering and technical assistants, and other employees necessary to protect the interests of the state and any political subdivision. ~~All independent contracts and fees provided for in this section are subject to the approval of the governor.~~

Sec. 2. Section 421.5, Code 1993, is amended to read as follows:

421.5 SETTLING DOUBTFUL CLAIMS FOR TAXES.

The director may compromise and settle doubtful and disputed claims for taxes or refunds or tax liability of doubtful collectibility notwithstanding the provisions of section 7D.9. Whenever such a compromise and settlement is made or any other compromise and settlement in excess of the director's authority is made, the director shall make a complete record of the case showing the tax assessed or claimed due, tax refund claimed, recommendations, reports, and audits of departmental personnel if any, the taxpayer's grounds for dispute or contest together with all evidence thereof, and the amounts, conditions, and settlement or compromise of same.

Sec. 3. Section 421.9, unnumbered paragraph 1, Code 1993, is amended to read as follows:

~~The~~ Immediately upon issuance of a distress warrant authorized by section 422.26, the director may make application to the district court or judicial magistrate for an administrative search warrant as authorized by section 808.14 to execute a the distress warrant ~~authorized by section 422.26.~~

Sec. 4. Section 421.17, subsection 5, Code Supplement 1993, is amended to read as follows:

5. To direct proceedings, actions, and prosecutions to be instituted for the enforcement of the laws relating to the penalties, liabilities, and punishment of public officers, and officers or agents of corporations, and other persons or corporations, for failure or neglect to comply with the provisions of the statutes governing the return, assessment and taxation of property; to make or cause to be made complaints against members of boards of review, boards of supervisors or other assessing, reviewing, or taxing officers for official misconduct or neglect of duty. Provided, that employees ~~Employees~~ of the department of revenue and finance shall not during their regular hours of employment engage in the preparation of tax returns ~~for individuals~~, except in connection with a regular audit thereof of a tax return or in connection with assistance requested by the taxpayer.

Sec. 5. Section 421.17, subsection 10, unnumbered paragraph 2, Code Supplement 1993, is amended to read as follows:

The director may correct obvious errors or obvious injustices in the assessment of any individual property, but the director shall not reduce the valuation of any individual property except upon the recommendation of the local board of review and ~~no~~ an order of the director affecting any valuation shall not be retroactive as to any reduction or increase in taxes payable prior to January 1 of the year in which such ~~that~~ order is issued, or prior to September 1 of the preceding year in cities under special charter which collect their own municipal levies. The director shall not correct errors or injustices under the authority of this paragraph if that correction would involve the exercise of judgment. Judicial review of the actions of the director may be sought in accordance with the terms of the Iowa administrative procedure Act.

Sec. 6. Section 421.17, subsection 22, Code Supplement 1993, is amended to read as follows:

22. To employ collection agencies, within or without the state, to collect delinquent taxes, including penalties and interest, administered by the department or delinquent accounts, charges, loans, fees or other indebtedness due the state or any state agency, that have formal agreements with the department for central debt collection where the director finds that departmental personnel are unable to collect the delinquent accounts, charges, loans, fees, or other indebtedness because of a taxpayer's debtor's location outside the state or for any other reason. Fees for services, reimbursement, or other remuneration, including attorney fees, paid to collection agencies shall be based upon the amount of tax, penalty, and interest or debt actually collected and shall be paid only after the amount of tax, penalty, and interest or debt is collected. All funds collected must be remitted in full to the department within thirty days from the date of collection from a taxpayer debtor or in a lesser time as the director prescribes. The funds shall be applied toward the taxpayer's debtor's account and handled as are funds received

by other means. An amount is appropriated from the amount of tax, penalty, and interest, delinquent accounts, charges, loans, fees, or other indebtedness actually collected by the collection agency sufficient to pay all fees for services, reimbursement, or other remuneration pursuant to a contract with a collection agency under this subsection. A collection agency entering into a contract with the department for the collection of delinquent taxes, penalties, and interests, delinquent accounts, charges, loans, fees, or other indebtedness pursuant to this subsection is subject to the requirements and penalties of tax information the confidentiality laws of this state regarding tax or indebtedness information. All contracts and fees provided for in this subsection are subject to the approval of the governor.

Sec. 7. Section 421.23, Code 1993, is amended to read as follows:

421.23 FEES AND MILEAGE.

The fees and mileage of witnesses attending any hearing of the department, including contested case hearings, pursuant to any subpoena, shall be the same as those of witnesses in civil cases in district court.

Sec. 8. Section 421.26, Code 1993, is amended to read as follows:

421.26 PERSONAL LIABILITY FOR TAX DUE.

If a licensee or other person under section 452A.65, a retailer or purchaser under chapter 422A or 422B, or section 422.52, or a retailer or purchaser under section 423.13 or a user under section 423.14 fails to pay a tax under those sections when due, an officer of a corporation or association, notwithstanding sections 490A.601 and 490A.602, a member or manager of a limited liability company, or a partner of a partnership, having control or supervision of or the authority for remitting the tax payments and having a substantial legal or equitable interest in the ownership of the corporation, association, limited liability company, or partnership, who has intentionally failed to pay the tax is personally liable for the payment of the tax, interest, and penalty due and unpaid. However, this section shall not apply to taxes on accounts receivable. The dissolution of a corporation, association, limited liability company, or partnership shall not discharge a person's liability for failure to remit the tax due.

Sec. 9. Section 421.27, subsection 1, Code 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. 1. If the availability of funds in payment of tax required to be made through electronic funds transfer is delayed and the delay of availability is due to reasons beyond the control of the taxpayer. "Electronic funds transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal telephone, computer, magnetic tape, or similar device for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account.

Sec. 10. **NEW SECTION.** 421.29 REGISTRATIONS.

For purposes of the provisions of the Code which are administered by the department, "permit" or "license" includes registration. Unless otherwise specifically provided, the director shall determine by rule the circumstances for which registrations shall be issued and displayed.

Sec. 11. Section 421.45, Code 1993, is amended to read as follows:

421.45 CANCELLATION OF STATE WARRANTS.

The On the last business day of each month, the director of the department of revenue and finance, as of March 31, June 30, September 30, and December 31 of each year shall cancel and request the treasurer of state to stop payment on all state warrants which have been outstanding and unredeemed by the state treasurer for six months or longer.

Sec. 12. Section 422.7, subsection 21, unnumbered paragraph 2, Code Supplement 1993, is amended to read as follows:

The net capital gain of paragraphs "a", "b", "c", and "d" together shall not exceed seventeen thousand five hundred dollars for the tax year. Married taxpayers who elect separate

filing on a combined return for state tax purposes are treated as one taxpayer and the amount of net capital gain to be used to determine the total amount to be subtracted by them shall not exceed seventeen thousand five hundred dollars in the aggregate. Married taxpayers who file jointly or separately on a combined return shall prorate the seventeen thousand five hundred dollar limitation between them based on the ratio of each spouse's net capital gain to the total net capital gain of both spouses. In the case of married taxpayers filing separate returns, the amount of net capital gain to be used to determine the amount to be subtracted by each spouse shall not exceed eight thousand seven hundred fifty dollars. However, to the extent otherwise allowed, the deduction provided in this subsection is not allowed for purposes of computation of a net operating loss in section 422.9, subsection 3, and in computing the income for the taxable year or years for which a net operating loss is deducted.

Sec. 13. Section 422.16, subsection 1, unnumbered paragraph 3, Code 1993, is amended to read as follows:

For the purposes of this subsection, state income tax shall be withheld from pensions, annuities, other similar periodic payments, and other income payments of those persons whose primary residence is in Iowa in those circumstances in which those persons have federal income tax withheld from pensions, annuities, other similar periodic payments, and other income payments under sections 3402(o), 3402(p), 3402(s), 3405(a), ~~and~~ 3405(b), and 3405(c) of the Internal Revenue Code at a rate to be specified by the department.

Sec. 14. Section 422.16, subsection 1, Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. For the purposes of this subsection, state income tax at the rate of six percent shall be withheld from supplemental wages of employees in those circumstances in which the employer treats the supplemental wages as wholly separate from regular wages for purposes of withholding and federal income tax is withheld from the supplemental wages under section 3402(g) of the Internal Revenue Code.

Sec. 15. Section 422.16, subsection 4, Code 1993, is amended to read as follows:

4. Every withholding agent who fails to withhold or pay to the department any sums required by this chapter to be withheld and paid, shall be personally, individually, and corporately liable therefor to the state of Iowa, and any sum or sums withheld in accordance with the provisions of subsections 1 and 12 hereof, shall be deemed to be held in trust for the state of Iowa. Notwithstanding sections 490A.601 and 490A.602, this subsection applies to a member or manager of a limited liability company.

Sec. 16. Section 422.21, Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If married taxpayers file a joint return or file separately on a combined return in accordance with rules prescribed by the director, both spouses are jointly and severally liable for the total tax due on the return, except when one spouse is considered to be an innocent spouse under criteria established pursuant to section 6013(e) of the Internal Revenue Code.

Sec. 17. Section 422.30, unnumbered paragraph 1, Code 1993, is amended to read as follows:

If the director believes that the assessment or collection of taxes will be jeopardized by delay, the director may immediately make an assessment of the estimated amount of tax due, together with all interest, additional amounts, or penalties, as provided by law, ~~and demand payment thereof from the taxpayer.~~ If such payment is not made, a The director shall serve the taxpayer by regular mail at the taxpayer's last known address or in person, with a written notice of the amount of tax, interest, and penalty due, which notice may include a demand for immediate payment. Service of the notice by regular mail is complete upon mailing. A distress warrant may be issued or a lien filed against such the taxpayer immediately.

Sec. 18. Section 422.32, subsection 4, Code 1993, is amended to read as follows:

4. The word "~~corporation~~" "Corporation" includes joint stock companies, and associations organized for pecuniary profit, ~~other than limited liability companies~~, and publicly traded partnerships and limited liability companies taxed as corporations under the Internal Revenue Code.

Sec. 19. Section 422.33, subsection 1A, Code Supplement 1993, is amended to read as follows:

1A. There is imposed upon each corporation exempt from the general business tax on corporations by section 422.34, ~~subsections subsection 2 through 6~~, a tax at the rates in subsection 1 upon the state's apportioned share computed in accordance with subsections 2 and 3 of the unrelated business income computed in accordance with the Internal Revenue Code and with the adjustments set forth in section 422.35.

Sec. 20. Section 422.34, subsections 2 through 6, Code 1993, are amended by striking the subsections and inserting in lieu thereof the following:

2. An organization described in section 501 of the Internal Revenue Code unless the exemption is denied under section 501, 502, 503, or 504 of the Internal Revenue Code.

Sec. 21. Section 422.42, subsection 15, unnumbered paragraph 2, Code 1993, is amended to read as follows:

"Services used in the processing of tangible personal property" includes the reconditioning or repairing of tangible personal property of the type normally sold in the regular course of the retailer's business and which is held for sale ~~upon which the gross receipts tax under this division or the use tax under chapter 423 will be paid when the tangible personal property is sold.~~

Sec. 22. Section 422.43, subsection 13, Code Supplement 1993, is amended to read as follows:

13. a. A tax of five percent is imposed upon the gross receipts from the sales, furnishing, or service of solid waste collection and disposal service.

For purposes of this subsection, "solid waste" means garbage, refuse, sludge from a water supply treatment plant or air contaminant treatment facility, and other discarded waste materials and sludges, in solid, semisolid, liquid, or contained gaseous form, resulting from nonresidential commercial operations, but does not include auto hulks; street sweepings; ash; construction debris; mining waste; trees; tires; lead acid batteries; used oil; hazardous waste; animal waste used as fertilizer; earthen fill, boulders, rock; foundry sand used for daily cover at a sanitary landfill; sewage sludge; solid or dissolved material in domestic sewage or other common pollutants in water resources, such as silt, dissolved or suspended solids in industrial waste water effluents or discharges which are point sources subject to permits under section 402 of the federal Water Pollution Control Act, dissolved materials in irrigation return flows; or source, special nuclear, or by-product material defined by the federal Atomic Energy Act of 1954.

A recycling facility that separates or processes recyclable materials and that reduces the volume of the waste by at least eighty-five percent is exempt from the tax imposed by this subsection if the waste exempted is collected and disposed of separately from other solid waste.

b. A person who transports ~~mixed municipal~~ solid waste generated by that person or another person without compensation shall pay the tax imposed by this subsection at the collection or disposal facility based on the disposal charge or tipping fee. However, the costs of a service or the portion of a service to collect and manage recyclable materials separated from ~~mixed municipal~~ solid waste by the waste generator is exempt from the tax imposed by this subsection. ~~For purposes of this paragraph, "mixed municipal solid waste" means garbage, refuse, and other solid waste from nonresidential commercial operations which is generated and collected in aggregate, but does not include auto hulks, street sweepings, ash, construction debris, mining waste, sludges, tree and agricultural wastes, tires, lead acid batteries, used oil, and other materials collected, processed, and disposed of as separate waste streams.~~

Sec. 23. Section 422.50, Code 1993, is amended to read as follows:

422.50 RECORDS REQUIRED.

It shall be the duty of every retailer required to make a report and pay any tax under this division, to preserve ~~such~~ those records of the gross proceeds of sales as the director may require

and it shall be the duty of every retailer to preserve for a period of five years all invoices and other records of goods, wares, ~~or merchandise, or services~~ purchased for resale; and all ~~such these~~ books, invoices, and other records shall be open to examination at any time by the department, and shall be made available within this state for ~~such~~ examination upon reasonable notice when the director ~~shall so order~~ orders.

Sec. 24. Section 422.53, subsection 3, Code 1993, is amended to read as follows:

3. The department shall grant and issue to each applicant a permit for each place of business within the state. A permit is not assignable and is valid only for the person in whose name it is issued and for the transaction of business at the place designated. It ~~shall at all times be conspicuously displayed at the place for which issued.~~

Sec. 25. Section 423.4, subsection 1, Code 1993, is amended to read as follows:

1. Tangible personal property and enumerated services, the gross receipts from the sale of which are required to be included in the measure of the tax imposed by division IV of chapter 422, ~~and any amendments made or which may hereafter be made thereto~~ if that tax has been paid to the department or paid to the retailer. This exemption does not include vehicles subject to registration or subject only to the issuance of a certificate of title.

Sec. 26. Section 425.17, subsection 6, Code Supplement 1993, is amended to read as follows:

6. "Household income" means all income of the claimant and the claimant's spouse in a household and actual monetary contributions received from any other household member or non-member living with the claimant during their respective twelve-month income tax accounting periods ending with or during the base year.

Sec. 27. Section 425.20, unnumbered paragraphs 1 and 2, Code 1993, are amended to read as follows:

A claim for reimbursement for rent constituting property taxes paid shall not be paid or allowed, unless the claim is ~~actually~~ filed with and in the possession of the department of revenue and finance on or before October 31 of the year following the base year.

A claim for credit for property taxes due shall not be paid or allowed unless the claim is ~~actually~~ filed with the county treasurer between January 1 and June 1, both dates inclusive, immediately preceding the fiscal year during which the property taxes are due ~~and, with the exception of a claim filed on behalf of a deceased claimant by the claimant's legal guardian, spouse, or attorney, or by the executor or administrator of the claimant's estate, contains an affidavit of the claimant's intent to occupy the homestead for six months or more during the fiscal year beginning in the calendar year in which the claim is filed.~~ The county treasurer shall submit the claim to the director of revenue and finance on or before August 1 of each year.

Sec. 28. Section 425.26, subsection 8, Code 1993, is amended by striking the subsection.

Sec. 29. Section 425.28, Code 1993, is amended to read as follows:

425.28 WAIVER OF CONFIDENTIALITY.

A claimant shall expressly waive any right to confidentiality relating to all income tax information obtainable through the department of revenue and finance, including all information covered by sections 422.20 and 422.72. This waiver shall apply to information available to the county or city assessor treasurer who shall hold the information confidential except that it may be used as evidence to disallow the credit.

Sec. 30. Section 435.22, subsection 2, unnumbered paragraph 1, Code 1993, is amended to read as follows:

If the owner of the mobile home is an Iowa resident, has attained the age of ~~eighteen~~ twenty-three years on or before December 31 of the base year, and has an income when included with that of a spouse which is less than six thousand dollars per year, the annual tax shall not be imposed on the mobile home. If the income is six thousand dollars or more but less than fourteen thousand dollars, the annual tax shall be computed as follows:

Sec. 31. Section 450.4, subsection 2, Code Supplement 1993, is amended by striking the subsection and inserting in lieu thereof the following:

2. When the property passes for a charitable, educational, or religious purpose as defined in sections 170(c) and 2055 of the Internal Revenue Code.

Sec. 32. Section 450.12, subsection 1, paragraph a, Code 1993, is amended to read as follows:

a. The debts owing by the decedent at the time of death, the local and state taxes accrued before the decedent's death, the federal estate tax and federal taxes owing by the decedent, a reasonable sum for funeral expenses, the allowance for surviving spouse and minor children granted by the probate court or its judge, court costs, the costs of appraisement made for the purpose of assessing the inheritance tax, the fee of personal representatives as allowed by order of court, the amount paid by the personal representatives for a bond, the attorney's fee in a reasonable amount to be as determined pursuant to sections 633.197, 633.198, and 633.199 and approved by the court for the probate proceedings in the estate, the costs of the sale of real estate or personal property in the estate, including the real estate agent's commission, and expenses for abstracting, documentary stamps, and title correction expenses.

Sec. 33. Section 450.53, Code 1993, is amended to read as follows:

450.53 DUTY OF PERSONAL REPRESENTATIVES TO PAY TAX — PENALTIES.

1. All personal representatives, except guardians and conservators, and other persons charged with the management or settlement of any estate or trust from which a tax is due under this chapter, shall file an inheritance tax return, within the time limits set by section 450.6, with a copy of any federal estate tax return and other documents required by the director which may reasonably tend to prove the amount of tax due, and at the time of filing, shall pay to the department of revenue and finance the amount of the tax due from any devisee, grantee, donee, heir, or beneficiary of the decedent, except in cases where payment of the tax is deferred until the determination of a prior estate, in which cases the. The owner of the future interest shall file a supplemental inheritance tax return and pay to the department of revenue and finance the tax due within the time limits set in this chapter. The inheritance tax returns shall be in the form prescribed by the director.

2. A person in possession of assets to be reported for purposes of taxation, including a personal representative or trustee, who willfully makes a false or fraudulent return, or willfully fails to pay the tax, supply the information, make, sign, or file the required return within the time required by law, is guilty of a fraudulent practice.

3. A person who willfully attempts in any manner to evade taxes imposed by this chapter or avoid payment of the tax, is guilty of an aggravated misdemeanor.

4. The jurisdiction of any offense as defined in this section is in the county of the residence of the decedent at the time of death. If the decedent is a nonresident of the state, jurisdiction is in any county in which property subject to the tax is located.

5. A prosecution for any offense defined in this section shall be commenced not later than six years following the commission of the offense.

Sec. 34. Section 451.12, Code 1993, is amended to read as follows:

451.12 APPLICABLE STATUTES — PENALTIES.

All the provisions of chapter 450 with respect to the lien provisions of section 450.7, and the determination, imposition, payment and collection of the tax imposed under that chapter, including penalty and interest upon delinquent taxes and the confidentiality of the tax return, are applicable to this chapter, except as they are in conflict with this chapter. The penalty provisions set out in section 450.53 shall apply to a person in possession of assets to be reported for purposes of taxation who willfully makes a false or fraudulent return or willfully fails to pay the tax, supply the information, make, sign, or file the required return within the time required by law or a person who willfully attempts in any manner to evade taxes imposed by this chapter or avoid payment of the tax. The director of revenue and finance shall adopt rules necessary for the enforcement of this chapter.

Sec. 35. Section 452A.4, unnumbered paragraph 6, Code 1993, is amended to read as follows:

The license shall not be assignable, and shall be valid only for the distributor in whose name it is issued, and shall be displayed conspicuously in the principal place of business of the distributor in this state.

Sec. 36. Section 452A.8, subsection 7, Code 1993, is amended to read as follows:

7. The sum of the tax due under subsections 5 and 6 shall be the amount of motor fuel tax in dollars and cents due from the distributor for the next preceding calendar month. Any outstanding credit memoranda issued calculated by the department to the distributor may be applied against the amount due.

Sec. 37. Section 452A.16, unnumbered paragraph 1, Code 1993, is amended to read as follows:

A distributor, dealer or user licensed under this chapter who has received motor fuel or has paid the tax on motor fuel or special fuel is entitled to a memorandum of credit or refund, when the fuel is used for any purpose other than as fuel for propelling motor vehicles or in watercraft or aircraft, or, while owned by the licensee, is lost or destroyed through accountable leakage or to fire, accident, lightning, flood, storm, act of war or public enemy, or other like cause. A memorandum of credit shall be allowed against subsequent liability under this chapter upon application to the department supported by proof as the director prescribes by rule. If the licensee is no longer engaged in activity for which the license was issued, the department shall refund the appropriate amount upon receipt of an application for refund as provided by the department. Credits and refunds are subject to the following conditions:

Sec. 38. Section 453A.13, subsection 10, Code 1993, is amended by striking the subsection.

Sec. 39. Section 453A.44, subsection 9, Code 1993, is amended by striking the subsection.

Sec. 40. Section 453B.9, unnumbered paragraph 1, Code 1993, is amended to read as follows:

All assessments of taxes made pursuant to this chapter shall be considered jeopardy assessments or collections as provided in section 422.30. The director shall assess a tax, interest, and applicable penalties based on knowledge or information available to the director; ~~mail to serve the taxpayer by regular mail at the taxpayer's last known address or serve in person, a written notice of the amount of tax, interest, and penalty; demand its immediate payment; and, if payment is not immediately made, due, which notice may include a demand for immediate payment; and immediately proceed to collect the tax, interest, and penalty by any method prescribed in section 422.30. The period for examination, determination of amount of tax owed, and assessment is unlimited. Service of the notice by regular mail is complete upon mailing.~~

Sec. 41. Section 626.29, Code Supplement 1993, is amended to read as follows:

626.29 DISTRESS WARRANT BY DIRECTOR OF REVENUE AND FINANCE, DIRECTOR OF INSPECTIONS AND APPEALS, OR JOB SERVICE COMMISSIONER.

In the service of a distress warrant issued by the director of revenue and finance for the collection of income tax, sales tax, motor vehicle fuel tax, freight line and equipment car tax, hotel and motel tax, or use tax taxes administered by or debts to be collected by the department of revenue and finance, in the service of a distress warrant issued by the director of inspections and appeals for the collection of overpayment debts owed to the department of human services, or in the service of a distress warrant issued by the job service commissioner of the department of employment services for the collection of employment security contributions, the property of the taxpayer or the employer in the possession of another, or debts due the taxpayer or the employer, may be reached by garnishment.

Sec. 42. Section 633.272, Code 1993, is amended to read as follows:

633.272 PARTIAL INTESTACY.

If part but not all of the estate of a decedent is validly disposed of by will, the part not disposed of by will shall be distributed as provided herein for intestate estates. If the testator left a surviving spouse, and the spouse does not elect to take against the will, ~~such~~ the spouse shall

receive, in addition to the property given to the spouse by the will, ~~one-third~~ all of the intestate property, and that ~~one-third~~ which shall be subject to the payment of its proportionate share of debts and charges against the estate.

Sec. 43. 1994 Iowa Acts, House File 2180,* section 9, subsection 2, is amended to read as follows:

2. For purposes of this section, "improvements" include new construction and rehabilitation of and additions to existing structures. The exemption shall apply to all taxing districts in which the real property is located.

Sec. 44. 1994 Iowa Acts, House File 2180,* section 12, is amended to read as follows:

SEC. 12. NEW SECTION. 15.335 RESEARCH ACTIVITIES CREDIT.

An eligible business may claim a corporate tax credit for increasing research activities in this state during the period the eligible business is participating in the program. 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. The credit allowed in this section is in addition to the credit authorized in section 422.33, subsection 5. If the eligible business is a partnership, subchapter S corporation, limited liability company, or estate or trust electing to have the income taxed directly to the individual, an individual may claim the tax credit allowed. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, subchapter S corporation, limited liability company, 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, 1994.

A credit in excess of the tax liability for the tax year may be credited to the tax liability for the following seven years or until depleted, whichever comes first.

Sec. 45. Sections 8 and 15 of this Act apply retroactively to July 1, 1993.

Sec. 46. Section 12 of this Act applies retroactively to January 1, 1994, for net operating losses in tax years beginning on or after that date.

Sec. 47. Section 13 of this Act applies retroactively to January 1, 1994, for distributions from qualified pension plans made on or after that date.

Sec. 48. Sections 14 and 16 of this Act apply retroactively to January 1, 1994, for tax years beginning on or after that date.

Sec. 49. Section 32 of this Act applies to the estates of decedents dying on or after July 1, 1994.

Sec. 50. Sections 26, 27, and 30 of this Act take effect January 1, 1995, for claims filed on or after that date.

Approved May 10, 1994

*Chapter 1008 herein