

Sec. 3. Section 86.26, Code 1995, is amended to read as follows:  
86.26 JUDICIAL REVIEW.

Judicial review of decisions or orders of the industrial commissioner may be sought in accordance with chapter 17A. Notwithstanding chapter 17A, the Iowa Administrative Procedure Act, petitions for judicial review may be filed in the district court of the county in which the hearing under section 86.17 was held and the industrial commissioner shall transmit to the reviewing court the original or a certified copy of the entire record of the contested case which is the subject of the petition within thirty days after receiving written notice from the party filing the petition that a petition for judicial review has been filed. Such a review proceeding shall be accorded priority over other matters pending before the district court.

Sec. 4. The state shall not pay any additional costs incurred by a political subdivision as a result of this Act.

Approved May 1, 1995

## CHAPTER 141

### BUSINESS INCOME FOR CORPORATE INCOME TAX PURPOSES

*H.F. 548*

AN ACT relating to the definition of business income for purposes of the state corporate income tax and providing effective and applicability date provisions.

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

Section 1. Section 422.32, subsection 2, Code 1995, is amended to read as follows:

2. "Business income" means income arising from transactions and activity in the regular course of the taxpayer's trade or business; ~~and includes~~ or income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations; or gain or loss resulting from the sale, exchange, or other disposition of real property or of tangible or intangible personal property, if the property while owned by the taxpayer was operationally related to the taxpayer's trade or business carried on in Iowa; or gain or loss resulting from the sale, exchange, or other disposition of stock in another corporation if the activities of the other corporation were operationally related to the taxpayer's trade or business carried on in Iowa while the stock was owned by the taxpayer. A taxpayer may have more than one regular trade or business in determining whether income is business income.

It is the intent of the general assembly to treat as apportionable business income all income that may be treated as apportionable business income under the Constitution of the United States.

The filing of an Iowa income tax return on a combined report basis is neither allowed nor required by this subsection.

Sec. 2. To the extent a taxpayer treated income as business income according to the definition amended in section 1 of this Act or treated income as nonbusiness income consistent with the decision in Phillips Petroleum Company v. Iowa Department of Revenue and Finance, 511 N.W.2d 608 (Iowa 1993) on a filed tax return for tax periods beginning prior to January 1, 1995, the director of revenue and finance shall not challenge such treatment.

Sec. 3. This Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to January 1, 1995, for tax years beginning on or after that date.

Approved May 1, 1995

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**CHAPTER 142**  
**SALES TAX EXEMPTION FOR AIRCRAFT**  
*S.F. 181*

**AN ACT** providing a sales tax exemption relating to aircraft, limiting the amount of refunds, and providing effective date and retroactive applicability provisions.

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

Section 1. Section 422.45, Code 1995, is amended by adding the following new subsection:

**NEW SUBSECTION.** 38A. The gross receipts from the sale or rental of aircraft; the sale or rental of tangible personal property permanently affixed or attached as a component part of the aircraft, including but not limited to repair or replacement materials or parts; and the gross receipts of all services used for aircraft repair, remodeling, and maintenance services when such services are performed on aircraft, aircraft engines, or aircraft component materials or parts. For the purposes of this exemption, "aircraft" means aircraft used in a scheduled interstate federal aviation administration-certified air carrier operation.

Sec. 2. **REFUNDS.** Refunds of taxes, interest, or penalties which arise from claims resulting from the enactment of section 422.45, subsection 38A, in this Act, occurring between July 1, 1988, and June 30, 1995, shall not be allowed unless filed prior to October 1, 1995 and shall be limited to twenty-five thousand dollars in the aggregate, notwithstanding any other provision of law. If the amount of claims totals more than twenty-five thousand dollars in the aggregate, the department of revenue and finance shall prorate the twenty-five thousand dollars among all claimants in relation to the amounts of the claimants' valid claims.

Sec. 3. **EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISION.** This Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to July 1, 1988.

Approved May 1, 1995