

Sec. 14. Sections 12 and 13 of this Act apply to contributions, gifts, grants, and donations made on or after July 1, 1998, for tax years ending on or after that date.

Approved May 6, 1998

CHAPTER 1173

COMPLIANCE WITH REQUIREMENTS FOR AGRICULTURAL DRAINAGE WELLS

H.F. 2136

AN ACT relating to agricultural drainage wells, by extending the date for complying with certain requirements.

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

Section 1. Section 455I.2, unnumbered paragraph 1, Code Supplement 1997, is amended to read as follows:

Not later than December 31, ~~1998~~ 2001, all of the following shall apply:

Approved May 6, 1998

CHAPTER 1174

STATE TAX STATUS OF CERTAIN PUBLIC RETIREMENT SYSTEM CONTRIBUTIONS

H.F. 2153

AN ACT providing that member contributions under certain public retirement systems are considered employer contributions for state income tax purposes, and providing effective and applicability date provisions.

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

Section 1. Section 97A.8, subsection 1, paragraph i, Code 1997, is amended to read as follows:

i. (1) Notwithstanding paragraph "g" or other provisions of this chapter, beginning January 1, 1995, for federal income tax purposes, and beginning January 1, 1999, for state income tax purposes, member contributions required under paragraph "f" or "h" which are picked up by the department shall be considered employer contributions for federal and state income tax purposes, and the department shall pick up the member contributions to be made under paragraph "f" or "h" by its employees. The department shall pick up these contributions by reducing the salary of each of its employees covered by this chapter by the amount which each employee is required to contribute under paragraph "f" or "h" and shall certify the amount picked up in lieu of the member contributions to the department of revenue and finance. The department of revenue and finance shall forward the amount of the contributions picked up to the board of trustees for recording and deposit in the pension accumulation fund.

(2) Member contributions picked up by the department under subparagraph (1) shall be treated as employer contributions for federal and state income tax purposes only and for all other purposes of this chapter ~~and the laws of this state~~ shall be treated as employee contributions and deemed part of the employee's earnable compensation or salary.

Sec. 2. Section 97B.11A, Code 1997, is amended to read as follows:
97B.11A PICKUP OF EMPLOYEE CONTRIBUTIONS.

1. Notwithstanding section 97B.11 or other provisions of this chapter, beginning January 1, 1995, for federal income tax purposes, and beginning January 1, 1999, for state income tax purposes, member contributions required under section 97B.11 which are picked up by the employer shall be considered employer contributions for federal and state income tax purposes, and each employer shall pick up the member contributions to be made under section 97B.11 by its employees. Each employer shall pick up these contributions by reducing the salary of each of its employees covered by this chapter by the amount which each employee is required to contribute under section 97B.11 and shall pay the amount picked up in lieu of the member contributions as provided in section 97B.14.

2. Member contributions picked up by each employer under subsection 1 shall be treated as employer contributions for federal and state income tax purposes only and for all other purposes of this chapter ~~and the laws of this state~~ shall be treated as employee contributions and deemed part of the employee's wages or salary.

Sec. 3. Section 294.10A, Code 1997, is amended to read as follows:
294.10A PICKUP OF TEACHER ASSESSMENTS.

1. Notwithstanding section 294.9 or other provisions of this chapter, for federal income tax purposes beginning January 1 following the submission by a board of trustees of an application to the federal internal revenue service requesting qualification of a plan in accordance with the requirements of the Internal Revenue Code, as defined in section 422.3, and for state income tax purposes beginning January 1, 1999, or January 1 following an application for qualification, whichever is later, teacher assessments required under section 294.9 which are picked up by an employing school district shall be considered employer contributions for federal and state income tax purposes, and each employing school district establishing a pension and annuity retirement system pursuant to this chapter shall pick up the teacher assessments to be made under section 294.9 by its employees commencing on the January 1 following an application for qualification applicable date on which the assessments shall be considered employer contributions for income tax purposes under this subsection. Each employing school district shall pick up these teacher assessments by reducing the salary of each of the teachers covered by this chapter by the amount which each teacher is required to contribute through assessments under section 294.9 and shall pay to the board of trustees the amount picked up in lieu of the teacher assessments for recording and deposit in the fund.

2. Teacher assessments picked up by each employing school district under subsection 1 shall be treated as employer contributions for federal and state income tax purposes only and for all other purposes of this chapter ~~and the laws of this state~~ shall be treated as teacher assessments and deemed part of the teacher's wages or salary.

Sec. 4. Section 411.8, subsection 1, paragraph i, Code 1997, is amended to read as follows:

i. (1) Notwithstanding paragraph "g" or other provisions of this chapter, beginning January 1, 1995, for federal income tax purposes, and beginning January 1, 1999, for state income tax purposes, member contributions required under paragraph "f" or "h" which are picked up by the city shall be considered employer contributions for federal and state income tax purposes, and each city shall pick up the member contributions to be made under paragraph "f" or "h" by its employees. Each city shall pick up these contributions by reducing the salary of each of its employees covered by this chapter by the amount which each

employee is required to contribute under paragraph "f" or "h" and shall pay the amount picked up in lieu of the member contributions to the board of trustees for recording and deposit in the fund.

(2) Member contributions picked up by each city under subparagraph (1) shall be treated as employer contributions for federal and state income tax purposes only and for all other purposes of this chapter ~~and the laws of this state~~ shall be treated as employee contributions and deemed part of the employee's earnable compensation or salary.

Sec. 5. Section 422.7, subsections 29 through 31, Code Supplement 1997, are amended by striking the subsections.

Sec. 6. EFFECTIVE AND APPLICABILITY DATE. This Act takes effect January 1, 1999, and applies to tax years beginning on or after January 1, 1999.

Approved May 6, 1998

CHAPTER 1175

LOCAL COMMUNITY AND ECONOMIC DEVELOPMENT — COMMUNITY BUILDER PROGRAM AND ENTERPRISE ZONES

H.F. 2164

AN ACT relating to economic development enterprise zones and to local community and economic development planning assistance and the community builder program.

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

Section 1. Section 15.108, subsection 3, paragraph a, Code Supplement 1997, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (5) Encourage cities, counties, local and regional government organizations, and local and regional economic development organizations to develop and implement comprehensive community and economic development plans. In evaluating financial assistance applications, the department shall award supplementary credit to applications submitted by cities, counties, local and regional government organizations, and local and regional economic development organizations that have developed a comprehensive community and economic development plan.

Sec. 2. Section 15.108, subsection 3, paragraph b, subparagraph (3), Code Supplement 1997, is amended to read as follows:

(3) Provide planning assistance to cities, ~~other municipalities,~~ counties, ~~groups of adjacent communities, metropolitan local and regional areas, and official governmental planning agencies~~ government organizations, and local and regional economic development organizations. Subject to the availability of funds for this purpose, the department may provide financial assistance to cities, counties, local and regional government organizations, and local and regional economic development organizations for the purpose of developing community and economic development plans.

Sec. 3. Section 15.282, Code 1997, is amended to read as follows:
15.282 PURPOSE.

The purpose of this part is to assist communities and rural areas of the state with their development and governmental responsibilities by providing low-interest and no-interest