

program district cost for the base year, or ten percent of the amount by which the budget guarantee as calculated for the budget year beginning July 1, 2003, exceeds the adjusted guarantee amount. For purposes of this paragraph, the "adjusted guarantee amount" means the amount which would be applicable for the budget year beginning July 1, 2012, if the budget guarantee were determined for that budget year as calculated for the budget year beginning July 1, 2003.

j. For the budget year commencing July 1, 2013, and each budget year thereafter, the difference between the regular program district cost for the budget year and one hundred one percent of the regular program district cost for the base year.

For the purposes of this subsection, a school district shall be eligible to apply the eighty, seventy, sixty, fifty, forty, thirty, twenty, and ten percent provisions in paragraphs "b" through "i", only if the school district received a budget adjustment for the budget year beginning July 1, 2004, based on the ninety percent provision in paragraph "a".

The board of directors of a school district that wishes to receive a budget adjustment pursuant to this subsection shall adopt a resolution to receive the budget adjustment and shall, by April 1, annually, notify the department of management of the adoption of the resolution and the amount of the budget adjustment to be received.

Sec. 12. EFFECTIVE DATE. Sections 4 and 9 of this Act, being deemed of immediate importance, take effect upon enactment.

Approved May 9, 2001

CHAPTER 127

INTERNAL REVENUE CODE REFERENCES AND INCOME TAX PROVISIONS

S.F. 140

AN ACT updating the Iowa Code references to the Internal Revenue Code, increasing the minimum filing income requirement for dependents, increasing the estimated tax payment standard for assessing a penalty for corporations and financial institutions, and providing retroactive applicability dates and an effective date.

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

Section 1. Section 15.335, subsection 4, Code 2001, is amended to read as follows:

4. For purposes of this section, "base amount", "basic research payment", and "qualified research expense" mean the same as defined for the federal credit for increasing research activities under section 41 of the Internal Revenue Code, except that for the alternative incremental credit such amounts are for research conducted within this state. For purposes of this section, "Internal Revenue Code" means the Internal Revenue Code in effect on January 1, ~~2000~~ 2001.

Sec. 2. Section 15A.9, subsection 8, paragraph e, Code 2001, is amended to read as follows:

e. For the purposes of this subsection, "base amount", "basic research payment", and "qualified research expense" mean the same as defined for the federal credit for increasing research activities under section 41 of the Internal Revenue Code, except that for the alternative incremental credit such amounts are for research conducted within this state within the zone. For purposes of this subsection, "Internal Revenue Code" means the Internal Revenue Code in effect on January 1, ~~2000~~ 2001.

Sec. 3. Section 422.3, subsection 5, Code 2001, 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, ~~2000~~ 2001, whichever is applicable.

Sec. 4. Section 422.7, subsection 6, Code 2001, is amended by striking the subsection.

Sec. 5. Section 422.7, Code 2001, is amended by adding the following new subsection:
NEW SUBSECTION. 36. Notwithstanding the method for computing income from an installment sale under section 453 of the Internal Revenue Code, as defined in section 422.3, the method to be used in computing income from an installment sale shall be the method under section 453 of the Internal Revenue Code, as amended up to and including January 1, 2000. A taxpayer affected by this subsection shall make adjustments in the adjusted gross income pursuant to rules adopted by the director.

Sec. 6. Section 422.10, subsection 3, Code 2001, is amended to read as follows:

3. For purposes of this section, "base amount", "basic research payment", and "qualified research expense" mean the same as defined for the federal credit for increasing research activities under section 41 of the Internal Revenue Code, except that for the alternative incremental credit such amounts are for research conducted within this state. For purposes of this section, "Internal Revenue Code" means the Internal Revenue Code in effect on January 1, ~~2000~~ 2001.

Sec. 7. Section 422.13, subsection 1, paragraph b, Code 2001, is amended to read as follows:

b. The individual is claimed as a dependent on another person's return and has net income of ~~four~~ five thousand dollars or more for the tax year from sources taxable under this division.

Sec. 8. Section 422.33, subsection 5, paragraph d, Code 2001, is amended to read as follows:

d. For purposes of this subsection, "base amount", "basic research payment", and "qualified research expense" mean the same as defined for the federal credit for increasing research activities under section 41 of the Internal Revenue Code, except that for the alternative incremental credit such amounts are for research conducted within this state. For purposes of this subsection, "Internal Revenue Code" means the Internal Revenue Code in effect on January 1, ~~2000~~ 2001.

Sec. 9. **RETROACTIVE AND APPLICABILITY DATES.**

1. Sections 1 through 6 and 8 of this Act apply retroactively to January 1, 2000, for tax years beginning on or after that date.

2. Section 7 of this Act applies retroactively to January 1, 2001, for tax years beginning on or after that date.

Sec. 10. **EFFECTIVE DATE.** This Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 16, 2001