

State of Iowa

1987

**ACTS AND JOINT RESOLUTIONS
(Session Laws)**

Enacted At The

1987 REGULAR SESSION

And The

1987 FIRST AND SECOND EXTRAORDINARY SESSIONS

Of The

Seventy-Second General Assembly

Of The

State Of Iowa

HELD AT DES MOINES, THE CAPITAL OF THE STATE
IN THE ONE HUNDRED FORTY-FIRST YEAR OF THE STATE

REGULAR SESSION BEGUN ON THE TWELFTH DAY OF JANUARY AND ENDED ON THE TENTH DAY OF MAY, A.D. 1987

FIRST EXTRAORDINARY SESSION BEGUN ON THE TWENTY-FIRST DAY OF MAY
AND ENDED ON THE TWENTY-THIRD DAY OF MAY, A.D. 1987

SECOND EXTRAORDINARY SESSION HELD ON THE TWENTY-SEVENTH DAY OF OCTOBER, A.D. 1987



JO ANN BROWN
CODE EDITOR

PHYLLIS BARRY
DEPUTY CODE EDITOR

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PREFACE

July 1987

STATE OF IOWA
Office of Code Editor

CERTIFICATION

We, Donovan Peeters, Director, Legislative Service Bureau; JoAnn Brown, Code Editor of the Code of Iowa; and Phyllis Barry, Deputy Code Editor, certify that, to the best of our knowledge, the Acts and Resolutions in this volume have been prepared from the original enrolled Acts and Resolutions on file in the office of the Secretary of State; are correct copies of those Acts and Resolutions; are published under the authority of the Statutes of this State; and constitute the Acts and Resolutions of the 1987 Regular Session and the 1987 First and Second Extraordinary Sessions of the Seventy-second General Assembly of the State of Iowa.

STATUTES AS EVIDENCE

Iowa Code section 622.59 is as follows:

622.59 Printed copies of statutes. Printed copies of the statute laws of this or any other of the United States, or of Congress, or of any foreign government, purporting or proved to have been published under the authority thereof, or proved to be commonly admitted as evidence of the existing laws in the courts of such state or government, shall be admitted in the courts of this state as presumptive evidence of such laws.

EXPLANATORY NOTES

Court rules. This volume includes the Rules and Forms of the Supreme Court submitted to the Legislative Council as provided in Iowa Code section 602.4202.

Typographic style. The Acts and Resolutions in this volume are printed exactly as they appear on file in the office of the Secretary of State. No editorial corrections have been made. Underlines indicate new material added to existing statutes; strike-through type indicates deleted material. Italics and asterisks in appropriation Acts indicate material vetoed by the Governor. The asterisks are placed where the brackets initialed by the Governor appear on the original enrolled Acts on file in the office of the Secretary of State.

Temporary Code numbers. CODE NUMBERS ASSIGNED TO NEW SECTIONS AND SUBSECTIONS IN THE ACTS ARE TEMPORARY AND MAY BE CHANGED WHEN THE 1987 CODE SUPPLEMENT IS PUBLISHED. Changes will be shown in the Tables of Disposition of Acts at the back of the 1987 Iowa Code Supplement.

Effective dates. The Acts took effect on or before July 1, 1987, unless otherwise provided. See chapter 1, Senate File 68. The date of enactment is the date an Act is approved by the Governor, which is shown at the end of each Act.

Resolutions. Concurrent resolutions and Senate and House resolutions are not listed this year. See bound Senate and House Journals for adopted resolutions.

Orders for legal publications should be addressed to the Printing Division, Grimes Building, Des Moines, Iowa 50319.

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STATE ROSTER

List of elective state officers and deputies, Supreme Court justices, judges of the Court of Appeals, and members of the Seventy-second General Assembly of the State of Iowa, inserted in accordance with the requirements of Section 14.10(4) of the 1987 Code of Iowa.

ELECTIVE OFFICERS

Name and Office	County from which originally chosen
GOVERNOR	
TERRY E. BRANSTAD	Winnebago
Douglas E. Gross, Executive Assistant	Polk
LIEUTENANT GOVERNOR	
JO ANN ZIMMERMAN	Dallas
Julie Stone, Administrative Assistant	Polk
Brett Toresdahl, Administrative Assistant	Story
SECRETARY OF STATE	
ELAINE BAXTER	Des Moines
Sandra Steinbach, Director of Elections	Polk
Harry Davis, Director of Uniform Commercial Code	Polk
Marilyn Larson, Director of Corporations/Deputy Secretary of State	Des Moines
AUDITOR OF STATE	
RICHARD D. JOHNSON	Polk
Richard C. Fish, Deputy - Administration	Polk
Warren G. Jenkins, Deputy - Local Government Audit Division	Polk
Kasey K. Kiplinger, Deputy - State Audit Division	Polk
TREASURER OF STATE	
MICHAEL L. FITZGERALD	Polk
Michael Tramontina, Deputy Treasurer	Polk
Steven F. Miller, Deputy Treasurer	Polk
Lawrence D. Thornton, Deputy Treasurer	Polk
SECRETARY OF AGRICULTURE	
DALE M. COCHRAN	Webster
Shirley Danskin-White, Deputy Secretary	Polk
Greg Cusack, Administrative Division Director	Polk
Ed Lowe, Agriculture Marketing Division Director	Polk
Daryl Frey, Laboratory Division Director	Polk
Teresa Hay, Regulatory Division Director	Polk
James Gulliford, Soil Conservation Division Director	Polk
William H. Greiner, Agriculture Development Authority Director	Polk
ATTORNEY GENERAL	
THOMAS J. MILLER	Clayton
Earl Willits, Deputy Attorney General	Polk
Gordon Allen, Deputy Attorney General	Polk
Elizabeth Osenbaugh, Deputy Attorney General	Polk
John Perkins, Deputy Attorney General	Polk

JUDICIAL DEPARTMENT

JUSTICES OF THE SUPREME COURT

(Justices listed according to seniority)

Name	Office Address	Term Ending
W. Ward Reynoldson, C.J.	Des Moines	Dec. 31, 1988
David Harris	Jefferson	Dec. 31, 1990
A.A. McGiverin	Ottumwa	Dec. 31, 1988
Jerry L. Larson	Harlan	Dec. 31, 1988
Louis W. Schultz	Iowa City	Dec. 31, 1990
James H. Carter	Cedar Rapids	Dec. 31, 1992
Charles R. Wolle	Sioux City	Dec. 31, 1992
Louis Lavorato	Des Moines	Dec. 31, 1988
Linda K. Neuman	Davenport	Dec. 31, 1988

JUDGES OF THE COURT OF APPEALS

(Judges listed according to seniority)

Allen L. Donielson	Des Moines	Dec. 31, 1989
Bruce M. Snell, Jr.	Ida Grove	Dec. 31, 1990
Leo E. Oxberger, C.J.	Des Moines	Dec. 31, 1989
Dick Schlegel	Ottumwa	Dec. 31, 1990
Maynard Hayden	Indianola	Dec. 31, 1990
Rosemary Shaw Sackett	Spencer	Dec. 31, 1990

GENERAL ASSEMBLY—SENATORS

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Name and Residence	Occupation	Senatorial District	Former Legislative Service
Boswell, Leonard L. Davis City	Farmer, Small Businessman	46th—Adair, Adams, Cass, Clarke, <i>Decatur</i> , Ringgold, Taylor, Union	71
Bruner, Charles H. Ames		37th— <i>Story</i>	68, 69, 69X, 69XX, 70, 71
Carr, Bob Dubuque	Securities Broker	18th— <i>Dubuque</i>	65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Coleman, C. Joseph Clare	Farmer, Businessman	7th—Humboldt, <i>Webster</i>	57, 58, 59, 60, 60X, 61, 62, 63, 64, 65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Corning, Joy Cedar Falls	Homemaker	12th— <i>Black Hawk</i>	71
Deluhery, Patrick J. Davenport	College Teacher	21st— <i>Scott</i>	68, 69, 69X, 69XX, 70, 71
Dieleman, Wm. W. (Bill) Pella	Life Insurance Underwriter	35th— <i>Jasper, Marion</i> , Polk, Warren	66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Doyle, Donald V. Sioux City	Lawyer	2nd— <i>Ida, Monona</i> , <i>Woodbury</i>	57, 58, 61, 63, 64, 65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Drake, Richard F. Muscatine	General Farming	28th—Des Moines, <i>Louisa</i> , <i>Muscatine</i> , Washington	63, 64, 65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Fraise, Eugene S. Fort Madison	Farmer	31st—Des Moines, <i>Lee</i> , Van Buren	71(2nd)
Fuhrman, Linn Aurelia	Farmer	5th— <i>Buena Vista</i> , Calhoun, Pocahontas, Sac, Webster	None
Gentleman, Julia Des Moines	Housewife	41st— <i>Polk</i>	66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Gettings, Donald E. Ottumwa	Retired—Deere & Co.	33rd—Appanoose, Davis, <i>Wapello</i>	67(2nd), 67X, 68, 69, 69X, 69XX, 70, 71
Goodwin, Norman J. DeWitt	Retired County Extention Director	19th—Cedar, <i>Clinton</i>	68, 69, 69X, 69XX, 70, 71
Gronstal, Michael E. Council Bluffs		50th— <i>Pottawattamie</i>	70, 71
Hall, Hurley W. Marion	Retired Telephone Engineer, Farmer	24th—Buchanan, Delaware, <i>Linn</i>	68, 69, 69X, 69XX, 70, 71
Hannon, Beverly A. Anamosa	Homemaker, Student	22nd—Cedar, <i>Jones</i> , Linn	71
Hester, Jack W. Honey Creek	Farmer	49th—Cass, Harrison, <i>Pottawattamie</i> , Shelby	68, 69, 69X, 69XX, 70, 71
Holden, Edgar H. Davenport	Entrepreneur	20th— <i>Scott</i>	62, 63, 64, 65, 67(2nd), 68, 69, 69X, 69XX, 70, 71
Holt, Lee W. Spencer	Automobile Dealer	6th— <i>Clay</i> , Dickinson, Emmet, Palo Alto	68, 69, 69X, 69XX, 70, 71

Name and Residence	Occupation	Senatorial District	Former Legislative Service
Horn, Wally E. Cedar Rapids	Teacher	25th— <i>Linn</i>	65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Hultman, Calvin O. Red Oak	Businessman	47th—Fremont, Mills, <i>Montgomery, Page,</i> <i>Pottawattamie</i>	65, 66, 67, 67X, 68, 69, 69X 69XX, 70, 71
Husak, Emil J. Toledo	Farmer	38th—Benton, Black Hawk, Marshall, <i>Tama</i>	64, 65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Hutchins, Bill Audubon	Businessman	48th— <i>Audubon, Carroll,</i> <i>Crawford, Shelby</i>	65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Jensen, John W. Plainfield	Farmer	11th—Black Hawk, <i>Bremer, Butler, Grundy</i>	68, 69, 69X, 69XX, 70, 71
Kinley, George R. Des Moines	Owner, Driving Range & Golf Sales	40th— <i>Polk</i>	64, 65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Lind, Jim Waterloo	Service Station Owner-Operator	13th— <i>Black Hawk</i>	71(2nd)
Lloyd Jones, Jean Iowa City	Legislator	23rd— <i>Johnson</i>	68, 69, 69X, 69XX, 70, 71
Mann, Thomas, Jr. Des Moines	Attorney	43rd— <i>Polk</i>	70, 71
Miller, Alvin V. Ventura	Insurance Agency	10th— <i>Cerro Gordo,</i> <i>Winnebago, Worth</i>	65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Miller, Charles P. Burlington	Doctor of Chiropractic	30th— <i>Des Moines, Henry</i>	60, 60X, 61, 62, 63, 64, 65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Murphy, Larry Oelwein	Printing Broker, Writer	14th—Black Hawk, Buchanan, Chickasaw, <i>Fayette</i>	71
Nystrom, John N. Boone	Legislator	44th— <i>Boone, Carroll,</i> <i>Greene, Story</i>	64, 65, 66, 67, 67X, 68, 69, 69X 69XX, 70, 71
Palmer, William D. Des Moines	Insurance Executive	39th— <i>Polk</i>	61, 62, 63, 64, 65, 66, 67, 67X 68, 69, 69X, 69XX, 70, 71
Peterson, John A. Albia	Livestock Market Owner	34th—Clarke, Lucas, <i>Monroe, Warren, Wayne</i>	71(2nd)
Priebe, Berl E. Algona	Farmer, Businessman	8th—Hancock, Humboldt, <i>Kossuth, Palo Alto,</i> <i>Pocahontas, Winnebago</i>	63, 64, 65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71

GENERAL ASSEMBLY — SENATORS — Continued

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Name and Residence	Occupation	Senatorial District	Former Legislative Service
Readering, David M. Des Moines	Sales	42nd — <i>Polk</i>	65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Rensink, Wilmer Sioux Center	Farmer	6 — <i>Plymouth, Sioux, Woodbury</i>	70, 71
Rife, Jack Moscow	Farmer	29th — <i>Muscatine, Scott</i>	70, 71
Riordan, James R. Waukee	Nursery Owner	45th — <i>Adair, Dallas, Guthrie, Madison</i>	71(2nd)
Schwengels, Forrest V. Fairfield	Legislator, Public Service Consultant	32nd — <i>Jefferson, Keokuk, Mahaska, Wapello</i>	65, 66, 67, 67X, 68, 69, 69X 69XX, 70, 71
Scott, Kenneth D. Clear Lake	Realtor, Farmer, Auctioneer	15th — <i>Cerro Gordo, Chickasaw, Floyd, Howard, Mitchell</i>	64, 65, 66
Soorholtz, John E. Melbourne	Farmer-Pork Producer	36th — <i>Jasper, Marshall</i>	70(2nd), 71
Sturgeon, Al Sioux City	Legislator	1st — <i>Woodbury</i>	69, 70, 71
Taylor, Ray Steamboat Rock	Farmer, Business	9th — <i>Franklin, Hamilton, Hancock, Hardin, Wright</i>	65, 66, 67, 67X, 68, 69, 69X 69XX, 70, 71
Tieden, Dale L. Elkader	Retired	16th — <i>Allamakee, Clayton, Winneshiek</i>	61, 62, 63, 64, 65, 66, 67, 67X 68, 69, 69X, 69XX, 70, 71
Vande Hoef, Richard Harris	Farmer	4th — <i>Cherokee, Clay, Lyon, O'Brien, Osceola, Sioux</i>	69, 69X, 69XX, 70, 71
Varn, Richard Solon	Law Student	54th — <i>Iowa, Johnson, Poweshiek</i>	70, 71
Wells, James D. Cedar Rapids	Cereal Company Employee	26th — <i>Linn</i>	63, 64, 65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Welsh, Joe J. Dubuque	Businessman, Private Investigator	17th — <i>Dubuque, Jackson, Jones</i>	68, 69, 69X, 69XX, 70, 71

Name and Residence	Occupation	Representative District	Former Legislative Service
Adams, Janet Webster City	Teacher	14th— <i>Hamilton, Webster</i>	None
Arnould, Robert C. Davenport	Legislator	42nd— <i>Scott</i>	67(2nd), 67X, 68, 69, 69X, 69XX, 70, 71
Avenson, Donald D. Oelwein	Tool & Die Maker	28th— <i>Chickasaw, Fayette</i>	65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Beaman, Jack Osceola	Self-employed	91st— <i>Adair, Adams, Cass, Clarke, Union</i>	None
Beatty, Linda Indianola	Homemaker	68th— <i>Warren</i>	71
Bennett, Wayne Galva	Farmer	4th— <i>Ida, Monona, Woodbury</i>	65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Bisignano, Tony Des Moines	Local Union President	80th— <i>Polk</i>	None
Black, Dennis Grinnell	Jasper County Conservation Board Director	71st— <i>Jasper, Marshall</i>	70, 71
Blanshan, Eugene Scranton	Farmer	88th— <i>Boone, Carroll, Greene</i>	70, 71
Brammer, Philip E. Cedar Rapids	Insurance Agent	50th— <i>Linn</i>	70, 71
Branstad, Clifford O. Thompson	Farmer	16th— <i>Hancock, Kossuth, Winnebago</i>	68, 69, 69X, 69XX, 70, 71
Buhr, Florence D. Des Moines	Legislator	85th— <i>Polk</i>	70, 71
Carpenter, Dorothy F. West Des Moines	Legislator	82nd— <i>Polk</i>	69, 69X, 69XX, 70, 71
Chapman, Kay Cedar Rapids	Lawyer	49th— <i>Linn</i>	70, 71
Clark, Betty Jean Rockwell	Legislator	29th— <i>Cerro Gordo, Floyd, Mitchell</i>	67, 67X, 68, 69, 69X, 69XX, 70, 71
Cphoon, Dennis Burlington	Teacher	60th— <i>Des Moines</i>	None
Connolly, Michael W. Dubuque	Teacher	35th— <i>Dubuque</i>	68, 69, 69X, 69XX, 70, 71
Connors, John H. Des Moines	Retired Fire Captain and Labor Arbitrator	79th— <i>Polk</i>	65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Cooper, James J. Russell	Farmer	67th— <i>Clarke, Monroe, Lucas, Wayne</i>	70, 71
Corbett, Ron J. Cedar Rapids	Insurance Representative	52nd— <i>Linn</i>	None
Corey, Virgil E. Morning Sun	Farmer	55th— <i>Des Moines, Lousa, Washington</i>	68, 69, 69X, 69XX, 70, 71

Name and Residence	Occupation	Representative District	Former Legislative Service
Daggett, Horace C. Kent	Farmer	92nd— <i>Adams</i> , Decatur, Ringgold, Taylor	65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
De Groot, Kenneth R. Doon	Farmer	8th— <i>Lyon</i> , O'Brien, Osceola, Sioux	68, 69, 69X, 69XX, 70, 71
Diemer, Marvin E. Cedar Falls	Retired	23rd— <i>Black Hawk</i>	68, 69, 69X, 69XX, 70, 71
Doderer, Minnette F. Iowa City	Legislator	45th— <i>Johnson</i>	60X, 61, 62, 63, 64, 65, 66, 67, 67X, 69, 69X, 69XX, 70, 71
Dvorsky, Robert E. Coralville	Legislator	54th— <i>Iowa</i> , <i>Johnson</i>	None
Eddie, Russell J. Storm Lake	Hog Producer- Farmer	10th— <i>Buena Vista</i> , Pocahontas	None
Fey, Thomas H. Davenport	Legislator	41st— <i>Scott</i>	69(2nd), 70, 71
Fogarty, Daniel P. Cylinder	Farmer	11th— <i>Clay</i> , <i>Palo Alto</i>	70, 71
Fuller, Robert D. Steamboat Rock	Farmer	18th— <i>Franklin</i> , <i>Hamilton</i> , <i>Hardin</i>	None
Garman, Teresa Ames	Farmer	87th— <i>Boone</i> , <i>Story</i>	None
Groninga, John Mason City	College Instructor	20th— <i>Cerro Gordo</i>	70, 71
Gruhn, Josephine Spirit Lake	Farm Owner/ Operator	12th— <i>Dickinson</i> , <i>Emmet</i>	70, 71
Halvorson, Rod Fort Dodge	Real Estate Salesman, Political Consultant	13th— <i>Webster</i>	68, 69, 69X, 69XX, 70, 71
Halvorson, Roger A. Monona	Insurance- Real Estate Broker	32nd— <i>Allamakee</i> , <i>Clayton</i>	66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Hammond, Johnie Ames	Legislator	74th— <i>Story</i>	70, 71
Hansen, Steve D. Sioux City	Director, Woodbury Co. Juvenile Detention Center	1st— <i>Woodbury</i>	None
Hanson, Darrell R. Manchester	Insurance Adjuster	48th— <i>Buchanan</i> , <i>Delaware</i> , <i>Linn</i>	68, 69, 69X, 69XX, 70, 71
Harbor, William H. Henderson	Grain Elevator Owner-Operator	94th— <i>Mills</i> , <i>Montgomery</i> , <i>Pottawattamie</i>	56, 57, 58, 62, 63, 64, 67, 67X, 68, 69, 69X, 69XX, 70, 71

Name and Residence	Occupation	Representative District	Former Legislative Service
Harper, Patricia M. Waterloo	Educator	26th — <i>Black Hawk</i>	None
Hatch, Jack Des Moines	Owner, Research Consulting Firm	81st — <i>Polk</i>	71
Haverland, Mark Polk City	College Teacher	77th — <i>Polk</i>	70, 71
Hermann, Donald F. Bettendorf	Retired Industrial Relations Manager	40th — <i>Scott</i>	70, 71
Hester, Joan L. Honey Creek	Farm Wife	98th — Harrison, <i>Pottawattamie</i>	71
Holveck, Jack Des Moines	Attorney	84th — <i>Polk</i>	70, 71
Hummel, Kyle Vinton	Real Estate Broker, Appraiser	76th — <i>Benton</i> , Black Hawk	68, 69, 69X, 69XX, 70, 71
Jay, Daniel Centerville	Attorney	66th — <i>Appanoose</i> , Davis, Wapello	68, 69, 69X, 69XX, 70, 71
Jochum, Thomas J. Dubuque	Legislator	36th — <i>Dubuque</i>	66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Johnson, Paul W. Decorah	Farmer	31st — Allamakee, <i>Winneshiek</i>	71
Knapp, Donald J. Cascade	Legislator	33rd — <i>Dubuque</i> , Jones	69(2nd), 70, 71
Koenigs, Deo A. McIntire	Farmer	30th — Chickasaw, Howard, <i>Mitchell</i>	70, 71
Kremer, Joseph M. Jesup	Farmer	27th — Black Hawk, <i>Buchanan</i>	71
Lageschulte, Raymond Waverly	Farm Manager, Insurance Adjuster	22nd — Black Hawk, <i>Bremer</i> , Butler	66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Lundby, Mary A. Marion	Legislator	47th — <i>Linn</i>	None
Maulsby, Ruhl Rockwell City	Owner Operator Livestock Farm	9th — <i>Calhoun</i> , Sac, Webster	68, 69, 69X, 69XX, 70, 71
May, Dennis Kensett	Farmer, Real Estate Broker	19th — Cerro Gordo, Winnebago, <i>Worth</i>	None
McKean, Andy Anamosa	Lawyer, College Instructor	44th — <i>Jones</i> , Linn	68, 69, 69X, 69XX, 70, 71
McKinney, Wayne H., Jr. Waukee	Lawyer, Farmer	89th — <i>Dallas</i>	None
Metcalf, Janet S. Des Moines	Self-employed	83rd — <i>Polk</i>	71
Miller, Tom H. Cherokee	Journalist	7th — <i>Cherokee</i> , Clay, O'Brien	71

GENERAL ASSEMBLY — REPRESENTATIVES — Continued

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Name and Residence	Occupation	Representative District	Former Legislative Service
Muhlbauer, Louis J. Manilla	Agriculture, Business	96th — <i>Crawford</i> , Shelby	70, 71
Mullins, Sue Corwith	Farmer	15th — <i>Humboldt, Kossuth</i> , Palo Alto, Pocahontas	68, 69, 69X, 69XX, 70, 71
Neuhauser, Mary Iowa City	Attorney	46th — <i>Johnson</i>	None
Norrgard, Clyde L. Danville	Administrator, Clergyman	59th — <i>Des Moines</i> , Henry	None
Ollie, C. Arthur Clinton	Teacher	38th — <i>Clinton</i>	70, 71
Osterberg, David Mt. Vernon	Economic Consultant	43rd — <i>Cedar</i> , <i>Linn</i>	70, 71
Parker, Edward G. Mingo	Contractor	70th — <i>Jasper</i> , Marion, Polk, Warren	70, 71
Paulin, Donald J. Le Mars	Independent Manufacturers Representative, Kitchen Retailer	5th — <i>Plymouth</i> , Woodbury	70, 71
Pavich, Emil S. Council Bluffs	Cereal Co. Employee	100th — <i>Pottawattamie</i>	66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Pellett, Wendell C. Atlantic	Farmer	97th — <i>Cass</i> , Harrison, Pottawattamie, Shelby	64, 65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Peters, Michael R. Sioux City	Legislator	2nd — <i>Woodbury</i>	None
Petersen, Daniel F. Muscatine	Farmer	57th — <i>Muscatine</i> , Scott	71(2nd)
Peterson, Michael K. Carroll	Legislator	95th — <i>Audubon, Carroll</i> , Shelby	71
Plasier, Lee Sioux Center	Manager Wholesale Co.	6th — <i>Plymouth, Sioux</i>	None
Platt, Donald R. Muscatine	Legislator	56th — <i>Louisa, Muscatine</i>	71
Poncy, Charles N. Ottumwa	Retired Public School Teacher	65th — <i>Wapello</i>	62, 63, 65, 66, 67, 67X, 69, 69X, 69XX, 70, 71
Renaud, Dennis L. Altoona	Fire Medic, D.M. Fire Dept., Barber Business	78th — <i>Polk</i>	69, 69X, 69XX, 70, 71
Renken, Robert H. Aplington	Farmer	21st — <i>Butler, Grundy</i>	68(2nd), 69, 69X, 69XX, 70, 71
Rosenberg, Ralph Ames	Attorney	73rd — <i>Story</i>	69(2nd), 70, 71
Royer, Bill D. Essex	Real Estate Broker, Appraiser	93rd — <i>Fremont, Mills</i> , <i>Page</i>	70, 71

Name and Residence	Occupation	Representative District	Former Legislative Service
Running, Richard V. Cedar Rapids	Quality Control Technologist	51st — <i>Linn</i>	69, 69X, 69XX, 70, 71
Schnekloth, Hugo Eldridge	Farmer	39th — <i>Scott</i>	67, 67X, 68, 69, 69X, 69XX, 70, 71
Schrader, David Monroe	Businessman, Vending Route Operator	69th — <i>Marion</i>	None
Sherzan, Gary Des Moines	Parole Officer	86th — <i>Polk</i>	70, 71
Shoning, Don Sioux City	Legislator	3rd — <i>Woodbury</i>	71
Shultz, Don Waterloo	Teacher	25th — <i>Black Hawk</i>	70, 71
Siegrist, J. Brent Council Bluffs	Teacher	99th — <i>Pottawattamie</i>	71
Skow, Bob Guthrie Center	Insurance, Real Estate Broker	90th — <i>Adair, Dallas, Guthrie, Madison</i>	70, 71
Spear, Clay Burlington	Retired Postal Service Employee	61st — <i>Des Moines, Lee</i>	66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Stromer, Delwyn Garner	Farmer, Legislator	17th — <i>Franklin, Hancock, Wright</i>	62, 63, 64, 65, 66, 67, 67X, 68, 69, 69X, 69XX, 70, 71
Stueland, Vic Grand Mound	Farmer, Businessman	37th — <i>Cedar, Clinton</i>	69, 69X, 69XX, 70, 71
Svoboda, E. Jane Clutier	Homemaker, Farmwife	75th — <i>Black Hawk, Marshall, Tama</i>	None
Swartz, Thomas E. Marshalltown	Legislator	72nd — <i>Marshall</i>	69, 69X, 69XX, 70, 71
Swearingen, George R. Sigourney	Retired Vocational Agriculture Instructor, Self-employed, Legislator	63rd — <i>Jefferson, Keokuk, Wapello</i>	68, 69, 69X, 69XX, 70, 71
Tabor, David M. Baldwin	Farmer	34th — <i>Dubuque, Jackson</i>	70, 71
Teaford, Jane Cedar Falls	Legislator	24th — <i>Black Hawk</i>	71
Tyrrell, Phil North English	Owner-Operator Independent Insurance Agency	53rd — <i>Iowa, Poweshiek</i>	68, 69, 69X, 69XX
Van Camp, Mike Davenport	Electrician	58th — <i>Scott</i>	70, 71
Van Maanen, Harold Oskaloosa	Farmer	64th — <i>Keokuk, Mahaska, Wapello</i>	68, 69, 69X, 69XX, 70, 71
Wise, Philip Keokuk	Teacher	62nd — <i>Lee, Van Buren</i>	None

IOWA CONGRESSIONAL DELEGATION AND DISTRICT OFFICES

UNITED STATES SENATORS

Senator Tom Harkin (D)
317 Hart Senate Office Bldg.
Washington, D.C. 20510
(202) 224-3254

Senator Charles Grassley (R)
135 Hart Senate Office Bldg.
Washington, D.C. 20510
(202) 224-3744

Box H
307 Federal Building
Council Bluffs, Iowa 51501
(712) 325-5533

721 Federal Building
Des Moines, Iowa 50309
(515) 284-4890

733 Federal Building
210 Walnut
Des Moines, Iowa 50309
(515) 284-4574

210 Waterloo Building
531 Commercial Street
Waterloo, Iowa 50701
(319) 232-6657

Lindale Mall
Suite 101
4444 1st Avenue, N.E.
Cedar Rapids, Iowa 52402
(319) 393-6374

206 Federal Building
101 First Street, S.E.
Cedar Rapids, Iowa 52401
(319) 399-2555

131 E. 4th Street
314 B Federal Building
Davenport, Iowa 52801
(319) 322-1338

103 Federal Courthouse Bldg.
320 6th Street
Sioux City, Iowa 51101
(712) 233-3331

116 Federal Building
131 E. 4th Street
Davenport, Iowa 52801
(319) 322-4331

UNITED STATES REPRESENTATIVES**First District**

Congressman Jim Leach (R)
1514 Longworth House Office Bldg.
Washington, D.C. 20515
(202) 225-6576

322 West 3rd Street
Davenport, Iowa 52801
(319) 326-1841

306 F & M Bank Bldg.
Third & Jefferson
Burlington, Iowa 52601
(319) 752-4584

Parkview Plaza, Room 204
107 E. 2nd Street
Ottumwa, Iowa 52501
(515) 682-8549

Second District

Congressman Thomas J. Tauke (R)
2244 Rayburn Office Building
Washington, D.C. 20515
(202) 225-2911

698 Central Avenue
Dubuque, Iowa 52001
(319) 557-7740

1756 First Avenue N.E.
Cedar Rapids, Iowa 52402
(319) 366-8709

116 South 2nd Street
Clinton, Iowa 52732
(319) 242-6180

Third District

Congressman David Nagel (D)
214 Cannon House Office Bldg.
Washington, D.C. 20515
(202) 225-3301

524 Wash Street
Waterloo, Iowa 50701
(319) 234-3623

102 S. Clinton Street
Iowa City, Iowa 52240
(319) 351-0789

Fourth District

Congressman Neal Smith (D)
2373 Rayburn Office Bldg.
Washington, D.C. 20515
(202) 225-4426

544 Insurance Exchange Bldg.
Des Moines, Iowa 50309
(515) 284-4634

215 Post Office Bldg.
P.O. Box 1748
Ames, Iowa 50010
(515) 232-5221

UNITED STATES REPRESENTATIVES -- Continued

Fifth District

Congressman James Lightfoot (R)
1609 Longworth House Office Building
Washington, D.C. 20515
(202) 225-3806

Box 1984
Shenandoah, Iowa 51601
(712) 246-1984

105 Pearl Street
Council Bluffs, Iowa 51501
(712) 325-5572

Suite 7
Walden Plaza
Fort Dodge, Iowa 50501
(515)955-5319

220 West Salem
Indianola, Iowa 50125
(515) 961-0591

Sixth District

Congressman Fred Grandy (R)
1711 Longworth House Office Bldg.
Washington, D.C. 20515
(202) 225-5476

508 Pierce
Sioux City, Iowa 51101
(712) 252-3733

211 North Delaware
Mason City, Iowa 50401
(515) 424-0233

CONDITION OF STATE TREASURY

Receipts, Disbursements and Balances in the Several Funds For the Fiscal Period Ending June 30, 1986

	Balance June 30, 1985	Total Receipts and Transfers	Total Available	Total Redemptions and Disbursements	Balance June 30, 1986
General Fund	\$ 20,357,802	\$ 3,029,059,815	\$ 3,049,417,617	\$ 3,003,433,137	\$ 45,984,480
Special Revenue Fund	137,933,906	1,086,548,113	1,224,482,019	603,230,016	621,252,003
Capital Project Fund	1,741,273	16,888,974	18,630,247	16,497,867	2,132,380
Debt Service Fund	455,045,010	32,257,678	487,302,688	484,541,558	2,761,130
Enterprise Fund	465,075	193,010,081	193,475,156	188,172,475	5,302,681
Internal Service Fund	6,223,267	32,605,877	38,829,144	33,867,008	4,962,136
Expendable Trust Fund	7,044,474	250,055,307	257,099,781	218,926,819	38,172,962
Non Expendable					
Trust Fund	5,492,755	11,949	5,504,704	1,022,679	4,482,025
Pension Fund	2,462,616,558	713,660,117	3,176,276,675	150,694,976	3,025,581,699
Trust and Agency Fund	96,874,344	1,948,799,003	2,045,673,347	1,949,948,805	95,724,542
	<u>\$ 3,193,794,464</u>	<u>\$ 7,302,896,914</u>	<u>\$ 10,496,691,378</u>	<u>\$ 6,650,335,340</u>	<u>\$ 3,846,356,038</u>
Totals					
				Balance July 1, 1985	\$ 3,193,794,464
				Receipts and Transfers	\$ 7,302,896,914
				Total Available	\$10,496,691,378
				Redemptions and Disbursements	\$ 6,650,335,340
				Balance June 30, 1986	\$ 3,846,356,038

**DEPARTMENT OF REVENUE AND FINANCE
SEPTEMBER 11, 1987**

ANALYSIS BY CHAPTERS

REGULAR SESSION

CH.	FILE	TITLE
1	SF 68	Effective dates of Acts and resolutions
2	HF 129	Acknowledgment forms
3	SF 18	Motor vehicle price discrimination
4	SF 39	School enrollment counts
5	SF 50	School treasurer's annual report
6	SF 41	School transportation reimbursement
7	SF 158	Crime victim reparation applications
8	HF 163	Health-related duties and powers
9	HF 168	Profiting from intentional homicide
10	HF 194	Fire extinguishers in public buildings
11	HF 265	Industrial loan companies
12	HF 314	Obstruction of emergency communications
13	SF 269	Laws relating to crimes affirmed and reenacted
14	SF 141	Motor vehicle financial responsibility requirements
15	SF 434	Railroad boiler inspections
16	SF 303	Valuing equity interests in cooperative associations
17	SF 271	Laws relating to public bodies affirmed and reenacted
18	SF 270	Laws relating to taxes affirmed and reenacted
19	SF 268	Laws relating to public employees affirmed and reenacted
20	SF 137	Publication prices
21	SF 209	Gas utility regulation
22	SF 298	Alcoholic beverages and treatment of alcoholics
23	SF 382	Soil and water conservation districts
24	HF 630	State liability for torts by juveniles performing work assignments
25	HF 612	Judicial magistrate proceedings
26	HF 607	Organized amateur boxing
27	HF 427	Disclosures by state employees
28	SF 272	Surgery for medicaid clients
29	HF 641	Wastewater treatment facility variances
30	HF 614	Funeral services and merchandise furnished upon a future death
31	HF 583	County zoning
32	HF 207	Chemical substitutes and antagonists programs
33	HF 134	Local air pollution control programs
34	SF 161	Habitual offenders under motor vehicle laws
35	SF 129	County sale of unused right of way
36	SF 90	County costs for patients at state hospitals for the mentally ill
37	SF 76	Third party payor reimbursement for patients in mental health institutes
38	SF 13	Security interests in farm products
39	SF 105	School administrators' contracts
40	SF 198	Special assessments on property acquired for public uses or purposes
41	SF 231	Filing date of pleadings
42	SF 257	Crop damage in use of drainage district easements
43	SF 265	Publication of notices
44	SF 273	Child foster care

CH.	FILE	TITLE
45	SF 292	Fire hazard analysis
46	SF 316	Leased motor vehicle registration
47	SF 338	Environmental protection performance standards
48	SF 388	School board election nomination petitions
49	SF 428	Art buyers' protection
50	SF 451	Legal settlement
51	SF 459	Handicapped parking spaces
52	SF 463	Economic assistance for agricultural producers
53	SF 470	Corporate takeover offers
54	HF 132	Probate final reports
55	HF 169	Lead abatement program
56	HF 176	Loans of library materials and equipment
57	HF 251	Advocates for the mentally ill
58	HF 373	Nominees for commission on the deaf
59	HF 378	Employment screening for juvenile substance abuse treatment programs
60	HF 394	Transient merchants' and out-of-state contractors' bonds
61	HF 409	Condemnation procedures
62	HF 513	Interstate rendition for failure to provide support
63	HF 610	Group insurance
64	HF 639	Life insurance company investments
65	SF 267	Laws relating to business and occupation regulation affirmed and reenacted
66	SF 420	Distribution of employment statistics
67	SF 474	Homestead exemption waivers
68	HF 47	Township officers
69	HF 90	Investigations of deaths
70	HF 136	Disclosures to care review committee members
71	HF 193	Contested case proceedings
72	HF 487	Criminal penalty surcharge
73	HF 489	Mediation releases for agricultural property
74	HF 507	Sex discrimination
75	HF 517	Lender reporting of mortgage satisfactions
76	HF 568	Job training grants
77	HF 579	Personalized plates for trailers
78	HF 596	Employer allocations for unemployment compensation purposes
79	SF 423	Mechanics' liens
80	HF 585	Consumer rental purchase agreements
81	SF 138	Economic emergency and foreclosure moratorium
82	SF 195	Board of tax review
83	SF 222	Smokeless tobacco
84	SF 264	Property tax exemption revocations
85	HF 64	Jury lists and jury commissioners
86	HF 92	Council-manager-ward form of city government
87	HF 131	Transfers to minors
88	HF 356	Cooperative associations
89	HF 408	Disclosure of financial status in marriage dissolutions
90	HF 525	Admission of minors to hospitals for the mentally ill
91	HF 615	Emergency medical personnel
92	HF 587	Architects

CH.	FILE	TITLE
93	SF 70	Motor vehicle fuel pumps, public scales, and meters
94	SF 106	School administrators
95	SF 130	Reversion of certain beer and wine tax moneys
96	SF 177	Disposal of dead animals
97	SF 214	City councils in small cities
98	SF 266	Laws relating to judicial procedures and court orders affirmed and reenacted
99	HF 318	County and municipal infractions
100	HF 360	Life-sustaining procedures
101	HF 379	Public service jobs
102	HF 490	Interstate adoption assistance agreements
103	HF 523	County and city bonds and loan agreements
104	HF 536	Debts of public entities
105	HF 324	County, city, and city utility investments
106	SF 493	Statewide network of small business development corporations
107	HF 576	Iowa seal agricultural products
108	HF 527	Motor vehicle proportional registration
109	HF 398	Water districts
110	HF 258	Substance abuse grants
111	SF 449	Department of employment services programs
112	SF 424	Political campaigns
113	SF 319	Abandoned or dangerous buildings
114	SF 341	Standard of proof for property forfeitures
115	SF 374	Code corrections
116	SF 179	Homestead platting and exemption
117	SF 290	Foster care training and confidentiality
118	SF 469	Correctional programs for OWI offenders and others
119	SF 216	Therapeutically certified optometrists
120	SF 311	Motor vehicle speed limits and safety belts
121	HF 515	Court appointed advocates for children
122	HF 492	Controlled substances
123	HF 262	Abandonment of vehicles
124	HF 142	Motorboat operation
125	SF 499	Low-income housing credits
126	SF 458	Taxes on property of governmental bodies
127	SF 146	Agricultural loan assistance agreements
128	HF 346	Temporary certificates for medical and podiatry practitioners
129	HF 375	Conspiracy
130	HF 494	Mobile home certificates of title
131	SF 276	Long-term care insurance
132	HF 506	Insurance regulation
133	HF 590	Declarations of value on transfers by federal agencies and instrumentalities
134	HF 595	Water vessel certificates of title
135	HF 646	Underground facilities and excavations
136	HF 605	Taxes on mobile home rentals
137	HF 655	Debt collection practices and civil actions
138	HF 673	Risk retention group taxes
139	HF 241	Use of correctional institution resources by ISU
140	HF 505	Adoptions

CH.	FILE	TITLE
141	HF 636	World trade and investment
142	HF 599	Foreclosure and redemption of mortgages and deeds of trust
143	HF 345	Drainage district improvements
144	HF 602	Meat and poultry inspection
145	HF 621	Ethanol-blended gasoline
146	HF 633	Authorized farm corporations and trusts
147	HF 411	Grain dealer and agricultural warehouse operator regulation
148	HF 488	License revocations for OWI
149	SF 522	Juvenile laws
150	HF 574	Forgery and similar frauds
151	HF 588	Child in need of assistance proceedings
152	HF 684	County charges under juvenile laws
153	HF 412	Child abuse
154	HF 591	Domestic abuse and other assaults
155	HF 244	Payments to subcontractors under public improvement contracts
156	SF 519	Urban revitalization tax exemptions
157	SF 482	Civil judgments and decrees
158	SF 461	Electronic funds transfers
159	HF 567	Permanency planning for children
160	HF 634	Secondary road fund allocations
161	HF 380	County conservation indebtedness
162	HF 533	Vehicle weight restrictions
163	HF 426	Debt document copies
164	HF 416	Consumer frauds
165	SF 509	Engineering and land surveying
166	HF 130	Real estate contract forfeiture
167	HF 167	Motor vehicle licenses and nonoperators' identification cards
168	HF 170	Insurance company sale following dissolution
169	HF 626	Agricultural assistance
170	HF 371	Transportation regulation
171	HF 658	Financial powers of public and private entities
172	HF 472	State park road and conservation parkway funding
173	HF 575	Recreation trails
174	HF 620	Open space lands
175	HF 623	Scenic areas
176	HF 464	Protected game, fur-bearing animals, and fish
177	SF 479	Pesticides
178	HF 540	Welcome centers
179	SF 17	Cruelty to animals
180	SF 396	Waste management authority
181	HF 520	Membership campgrounds
182	HF 660	Dependent adult abuse and neglect
183	SF 139	Economic development and conflicts of interest
184	SF 55	Games of skill or chance, and raffles
185	SF 340	Testing bodily specimens of persons in corrective facilities
186	SF 359	Vehicle size, weight, load, and equipment regulation
187	HF 589	Area school equipment replacement tax
188	SF 481	School allowable growth adjustments
189	SF 29	Movement of mobile homes and motor homes
190	HF 210	Health care facility admissions

CH.	FILE	TITLE
191	HF 460	Contracts for certificated employees of state schools
192	HF 493	District court administrators' facilities
193	HF 640	Public utility rates
194	HF 669	Intermediate care facilities for the mentally ill
195	HF 676	Local option sales and services tax
196	HF 682	Income and sales tax procedures
197	HF 518	Sanitary districts
198	HF 374	Property tax procedures
199	HF 334	Revenue and finance department procedures
200	HF 328	Birth centers
201	HF 580	Pregnancy and childbirth leaves of absence
202	HF 556	Bed and breakfast inns
203	HF 410	City officers and employees
204	HF 315	Special exhibit items indemnification
205	HF 266	Sales tax exemption for food stamp purchases
206	SF 399	Motorcycle rider education
207	SF 333	Telecommunications use by schools, area schools, and regents' institutions
208	HF 469	Drug testing of employees and applicants
209	HF 654	Energy conservation assistance
210	SF 101	Mobile home taxes
211	SF 162	Iowa public broadcasting
212	SF 471	Personal liability and indemnification
213	SF 480	Gifts to persons serving in public capacities and candidates
214	HF 675	Income, sales, services, and use taxes
215	HF 594	Pharmacy, pharmacist, and drug regulation
216	HF 310	Acquired immune deficiency syndrome
217	HF 316	Park user permits
218	SF 148	Gender balance on boards, commissions, committees, and councils
219	HF 79	Smoking prohibitions
220	HF 603	Housing trust fund
221	HF 600	Elections and related activities
222	SF 507	Benefit ratio unemployment compensation contribution array system
223	HF 661	Life and health insurance guaranty association
224	HF 499	Education
225	HF 631	Groundwater quality
226	SF 381	Epworth, Iowa, legalizing Act
227	SF 504	Compensation and benefits for public officials and employees
228	HF 355	Supplemental appropriations and collection and distribution of moneys
229	SF 513	Federal funds appropriated and allocated
230	SF 517	Petroleum overcharge funds
231	SF 515	Lottery revenues appropriated and allocated
232	SF 518	Appropriations and provisions relating to public defense, public safety, and transportation
233	SF 511	Appropriations and programs relating to various public agencies
234	HF 671	Appropriations and distribution of responsibilities between various public agencies and programs

CH.	FILE	TITLE
235	HJR 14	Nullification of administrative rule
236	R.C.P.	Special appearance — elimination
237	R.C.P.	Interrogatories
238	R.C.P.	Change of venue
239	R.C.P.	Trial
240	Form	Small claims
241	R.App.P.	Supersedeas bond
242	R.Prob.P.	Referees
243	R.Prob.P.	Guardians
244	SCR 35	Board of Regents ten-year building program

FIRST EXTRAORDINARY SESSION

1	SF 523	State finances and taxes
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SECOND EXTRAORDINARY SESSION

1	HF 689	State individual income taxes
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1987 First Extraordinary Session
Of The
Seventy-Second General Assembly
Of The
State Of Iowa

HELD AT DES MOINES, THE CAPITAL OF THE STATE

FIRST EXTRAORDINARY SESSION BEGUN ON THE TWENTY-FIRST DAY OF MAY AND ENDED ON THE TWENTY-THIRD DAY OF MAY, A.D. 1987 IN THE ONE HUNDRED FORTY-FIRST YEAR OF THE STATE

CHAPTER 1

STATE FINANCES AND TAXES

S.F. 523

AN ACT relating to state finances by conforming its corporate income tax, franchise tax, and generation skipping transfer tax to the new federal tax provisions; only conforming its individual income tax to the new federal tax provisions in those areas dealing with trade, business, and investment activities; setting the latest cumulative inflation factor for purposes of individual income tax rates at the previous rate; changing the criteria for who must file an individual income tax return; forestalling the transfer of funds from the general fund to the Iowa economic emergency fund; and providing effective dates.

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

Section 1. Section 422.4, subsection 17, paragraph c, Code 1987, is amended to read as follows:

c. The annual inflation factor for the 1978 calendar year is one hundred percent. Notwithstanding the computation of the annual inflation factor under paragraph "a", the annual inflation factor for the 1987 calendar year is one hundred percent.

Sec. 2. Section 422.5, subsection 1, paragraph o, subparagraph (4), Code 1987, is amended by striking the subparagraph.

Sec. 3. Section 422.7, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. In determining the taxpayer's net income, the adjusted gross income computed for federal tax purposes shall be adjusted to reflect the following:

a. **BUSINESS MEALS, TRAVEL, AND ENTERTAINMENT.** Deductions for expenses incurred for meals, travel, and entertainment for business purposes shall be determined under sections 170 and 274 of the Internal Revenue Code in effect on January 1, 1987 and all other provisions of the Internal Revenue Code in effect on January 1, 1987 relating to such deductions.

b. **DEPRECIATION.** Deductions for depreciation for property used for business purposes shall be determined under sections 46, 167, 178, 179, 280, 291, 312, 465, 467, 514, 751, 1245, 4162, 6111, and 7701 of the Internal Revenue Code in effect on January 1, 1987 and all other provisions of the Internal Revenue Code in effect on January 1, 1987 relating to such deductions.

c. **CAPITALIZATION RULES.** Capitalization rules for inventory, construction, and development costs as they relate to business activities shall be determined under sections 48, 263A,

312, 471, 267, 447, and 464 of the Internal Revenue Code in effect on January 1, 1987 and all other provisions of the Internal Revenue Code in effect on January 1, 1987 relating to such capitalization rules.

d. **PASSIVE INVESTMENT ACTIVITIES.** Deductions for passive investment activities shall be determined under section 469 of the Internal Revenue Code in effect on January 1, 1987 and all other provisions of the Internal Revenue Code in effect on January 1, 1987 relating to passive investment activities.

e. **LONG-TERM CONTRACTS.** Rules for determining the amount of deductions for long-term contracts relating to business activities shall be determined under sections 460 and 804 of the Internal Revenue Code in effect on January 1, 1987 and all other provisions of the Internal Revenue Code in effect on January 1, 1987 relating to such long-term contracts.

f. **DISCHARGE OF INDEBTEDNESS.** Treatment of income of a farmer resulting from the discharge of the farmer's indebtedness shall be determined under section 108(g) of the Internal Revenue Code in effect on January 1, 1987.

Sec. 4. Section 422.13, subsection 1, paragraph b, Code 1987, is amended to read as follows:

b. The individual has net income of ~~four~~ five thousand dollars or more for the tax year from sources taxable under this division.

Sec. 5. Section 422.32, subsections 4 and 11, Code 1987, are amended to read as follows:

4. The term "affiliated group" means a group of corporations as defined in section 1504(a) of the Internal Revenue Code ~~of 1954~~.

11. ~~For purposes of section 422.3, subsection 5, the Internal Revenue Code of 1954 shall be interpreted to include the provisions of Pub. L. No. 98-4. "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, 1987, whichever is applicable.~~

Sec. 6. Section 422.33, subsection 4, Code 1987, is amended by striking the subsection and inserting in lieu thereof the following:

4. In addition to all taxes imposed under this division, there is imposed upon each corporation doing business within the state the greater of the tax determined in subsection 1, paragraphs "a" through "d" or the state alternative minimum tax equal to sixty percent of the maximum state corporate income tax rate, rounded to the nearest one-tenth of one percent, of the state alternative minimum taxable income of the taxpayer computed under this subsection.

The state alternative minimum taxable income of a taxpayer is equal to the taxpayer's state taxable income as computed with the adjustments in section 422.35 and with the following adjustments:

a. Add items of tax preference included in federal alternative minimum taxable income under section 57, except subsections (a)(1) and (a)(5), of the Internal Revenue Code, make the adjustments included in federal alternative minimum taxable income under section 56, except subsections (a)(4) and (d), of the Internal Revenue Code, and add losses as required by section 58 of the Internal Revenue Code. In making the adjustment under section 56(c)(1) of the Internal Revenue Code, interest and dividends from federal securities net of amortization of any discount or premium shall be subtracted.

b. Apply the allocation and apportionment provisions of subsection 2.

c. Subtract an exemption amount of forty thousand dollars. This exemption amount shall be reduced, but not below zero, by an amount equal to twenty-five percent of the amount by which the alternative minimum taxable income of the taxpayer, computed without regard to the exemption amount in this paragraph, exceeds one hundred fifty thousand dollars.

d. In the case of a net operating loss computed for a tax year beginning after December 31, 1986 which is carried back or carried forward to the current taxable year, the net operating loss shall be reduced by the amount of items of tax preference and adjustments arising in the tax year which is taken into account in computing the net operating loss in section 422.35, subsection 13. The deduction for a net operating loss for a tax year beginning after December 31, 1986 which is carried back or carried forward to the current taxable year shall not exceed ninety percent of the alternative minimum taxable income determined without regard for the net operating loss deduction.

Sec. 7. Section 422.33, subsection 5, Code 1987, is amended to read as follows:

5. 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 ~~30~~ 41 of the Internal Revenue Code of 1954, in effect on January 1, 1985.

Any credit in excess of the tax liability for the taxable year shall be refunded with interest computed under section 422.25. In lieu of claiming a refund, a taxpayer may elect to have the overpayment shown on its final, completed return credited to the tax liability for the following taxable year.

Sec. 8. Section 422.35, Code 1987, is amended to read as follows:

422.35 NET INCOME OF CORPORATION — HOW COMPUTED.

The term "net income" means the taxable income before the net operating loss deduction, as properly computed for federal income tax purposes under the Internal Revenue Code of 1954, with the following adjustments:

1. Subtract interest and dividends from federal securities.
2. Add interest and dividends from foreign securities and from securities of state and other political subdivisions exempt from federal income tax under the Internal Revenue Code of 1954.
3. Where the net income includes capital gains or losses, or gains or losses from property other than capital assets, and such gains or losses have been determined by using a basis established prior to January 1, 1934, an adjustment may be made, under rules and regulations prescribed by the director, to reflect the difference resulting from the use of a basis of cost or January 1, 1934, fair market value, less depreciation allowed or allowable, whichever is higher. Provided that the basis shall be fair market value as of January 1, 1955, less depreciation allowed or allowable, in the case of property acquired prior to that date if use of a prior basis is declared to be invalid.
4. Subtract fifty percent of the federal income taxes paid or accrued, as the case may be, during the tax year, adjusted by any federal income tax refunds; and add the Iowa income tax deducted in computing said taxable income.
5. Add the amount by which the basis of qualified depreciable property is required to be increased for depreciation purposes under the Internal Revenue Code Amendments Act of 1964 to the extent that such amount equals the net amount of the special deduction allowed on the basis of the amount by which the depreciable basis of such qualified property was required to be reduced for depreciation purposes under the Internal Revenue Code Amendments Act of 1962. The "net amount of the special deduction" shall be computed by taking the sum of the amounts by which the basis of qualified property was required to be decreased for depreciation purposes for the years 1962 and 1963 and subtracting from it the sum of the amounts

by which the basis of such property was required to be increased, prior to 1964, for depreciation or disposition purposes under the Internal Revenue Code Amendments Act of 1962.

6. Subtract the amount of the jobs tax credit allowable for the tax year under section 51 of the Internal Revenue Code of 1954 to the extent that the credit increased federal taxable income.

7. If the taxpayer is a small business corporation, subtract an amount equal to fifty percent of the wages paid to individuals named in paragraphs "a", "b", and "c" who were hired for the first time by the taxpayer during the tax year for work done in this state:

a. A handicapped individual domiciled in this state at the time of the hiring who meets any of the following conditions:

(1) Has a physical or mental impairment which substantially limits one or more major life activities.

(2) Has a record of that impairment.

(3) Is regarded as having that impairment.

b. An individual domiciled in this state at the time of the hiring who meets any of the following conditions:

(1) Has been convicted of a felony in this or any other state or the District of Columbia.

(2) Is on parole pursuant to chapter 906.

(3) Is on probation pursuant to chapter 907, for an offense other than a simple misdemeanor.

(4) Is in a work release program pursuant to chapter 246, division IX.

c. An individual, whether or not domiciled in this state at the time of the hiring, who is on parole or probation and to whom the interstate probation and parole compact under section 907A.1 applies.

This deduction is allowed for the wages paid to the individuals successfully completing a probationary period named in paragraphs "a", "b", and "c" during the twelve months following the date of first employment by the taxpayer and shall be deducted in the tax years when paid.

For purposes of this subsection, "physical or mental impairment" means any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the body systems or any mental or psychological disorder, including mental retardation, organic brain syndrome, emotional or mental illness and specific learning disabilities.

For purposes of this subsection, "small business" means small business as defined in section 220.1, subsection 28, except that it shall also include the operation of a farm.

8. Subtract the amount of the alcohol fuel credit allowable for the tax year under section 40 of the Internal Revenue Code of 1954 to the extent that the credit increased federal taxable income.

9. Add the amounts deducted and subtract the amounts included in income as a result of the treatment provided sale-leaseback agreements under section 168(f)(8) of the Internal Revenue Code of 1954 for property placed in service by the transferee prior to January 1, 1986 to the extent that the amounts deducted and the amounts included in income are not otherwise deductible or included in income under the other provisions of the Internal Revenue Code of 1954 as amended to and including December 31, 1985. Entitlement to depreciation on any property involved in a sale-leaseback agreement which is placed in service by the transferee prior to January 1, 1986 shall be determined under the Internal Revenue Code of 1954 as amended to and including December 31, 1985, excluding section 168(f)(8) in making the determination.

10. Add the amount of windfall profits tax deducted under section 164(a) of the Internal Revenue Code of 1954.

11. Add the combined net losses from passive farming activity in excess of twenty-five thousand dollars that offset income from other sources. Net losses under section 165 of the Internal Revenue Code of 1954, exclusive of net gains incurred passively from the operation of a

farming business, as defined in section 464(e) of the Internal Revenue Code of 1954, are to be combined from businesses, rents, partnerships, corporations, estates or trusts except losses under sections 1211 and 1231 of the Internal Revenue Code of 1954. Farming activity is passive if the taxpayer does not materially participate in the activity nor provide substantial services to the farming business. A loss from an activity that is disallowed under this subsection shall be treated as a deduction allowable to that activity in the first succeeding tax year.

12. Add the percentage depletion amount determined with respect to an oil, gas, or geothermal well using methods in section 613 of the Internal Revenue Code of 1954 that is in excess of the cost depletion amount determined under section 611 of the Internal Revenue Code of 1954.

13. If after applying all of the adjustments provided for in this section and the allocation and apportionment provisions of section 422.33, the Iowa taxable income results in a net operating loss, such net operating loss shall be deducted as follows:

a. The Iowa net operating loss shall be carried back three taxable years or to the taxable year in which the corporation first commenced doing business in this state, whichever is later.

b. The Iowa net operating loss remaining after being carried back as required in paragraph "a" of this subsection or if not required to be carried back shall be carried forward fifteen taxable years.

c. If the election under section 172(b)(3)(C) of the Internal Revenue Code of 1954 is made, the Iowa net operating loss shall be carried forward fifteen taxable years.

d. No portion of a net operating loss which was sustained from that portion of the trade or business carried on outside the state of Iowa shall be deducted.

Provided, however, that a corporation affected by the allocation provisions of section 422.33 shall be permitted to deduct only such portion of the deductions for net operating loss and federal income taxes as is fairly and equitably allocable to Iowa, under rules prescribed by the director.

Sec. 9. Section 422.35, subsection 2, Code 1987, is amended to read as follows:

2. Add interest and dividends from foreign securities, and from securities of state and other political subdivisions, and from regulated investment companies exempt from federal income tax under the Internal Revenue Code of 1954.

Sec. 10. Section 422.35, subsection 11, Code 1987, is amended by striking the subsection.

Sec. 11. Section 422.35, Code 1987, is amended by adding the following new subsection: NEW SUBSECTION. Subtract the loss on the sale or exchange of a share of a regulated investment company held for six months or less to the extent the loss was disallowed under section 852(b)(4)(B) of the Internal Revenue Code.

Sec. 12. Section 422.36, subsection 5, Code 1987, is amended to read as follows:

5. Where a corporation is not subject to income tax and the stockholders of such corporation are taxed on the corporation's income under the provisions of the Internal Revenue Code of 1954, the same tax treatment shall apply to such corporation and such stockholders for Iowa income tax purposes.

Sec. 13. Section 422.37, subsection 7, Code 1987, is amended to read as follows:

7. The computation of consolidated taxable income for the members of an affiliated group of corporations subject to tax shall be made in the same manner and under the same procedures, including all intercompany adjustments and eliminations, as are required for consolidating the incomes of affiliated corporations for the taxable year for federal income tax purposes in accordance with section 1502 of the Internal Revenue Code of 1954.

Sec. 14. Section 422.60, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

422.60 IMPOSITION OF TAX.

1. A franchise tax according to and measured by net income is imposed on financial institutions for the privilege of doing business in this state as financial institutions.

2. In addition to all taxes imposed under this division, there is imposed upon each financial institution doing business within the state the greater of the tax determined in section 422.63 or the state alternative minimum tax equal to sixty percent of the maximum state franchise tax rate, rounded to the nearest one-tenth of one percent, of the state alternative minimum taxable income of the taxpayer computed under this subsection.

The state alternative minimum taxable income of a taxpayer is equal to the taxpayer's state taxable income as computed with the adjustments in section 422.61, subsection 4, and with the following adjustments:

a. Add items of tax preference included in federal alternative minimum taxable income under section 57, except subsections (a)(1) and (a)(5), of the Internal Revenue Code, make the adjustments included in federal alternative minimum taxable income under section 56, except subsections (a)(4), (c)(1), (d), (f), and (g), of the Internal Revenue Code, and add losses as required by section 58 of the Internal Revenue Code.

b. Make the adjustments provided in section 56(c)(1) of the Internal Revenue Code, except that in making the calculation under sections 56(f)(1) and 56(g)(1) of the Internal Revenue Code the state alternative minimum taxable income, computed without regard to the adjustments made by this paragraph, the exemption provided for in paragraph "d", and the state alternative tax net operating loss described in paragraph "e", shall be substituted for the items described in sections 56(f)(1)(B) and 56(g)(1)(B) of the Internal Revenue Code.

c. Apply the allocation and apportionment provisions of section 422.60.

d. Subtract an exemption amount of forty thousand dollars. This exemption amount shall be reduced, but not below zero, by an amount equal to twenty-five percent of the amount by which the alternative minimum taxable income of the taxpayer, computed without regard to the exemption amount in this paragraph, exceeds one hundred fifty thousand dollars.

e. In the case of a net operating loss beginning after December 31, 1986 which is carried back or carried forward to the current taxable year, the net operating loss shall be reduced by the amount of items of tax preference and adjustments arising in the tax year which was taken into account in computing the net operating loss in section 422.35, subsection 13. The deduction for a net operating loss for a tax year beginning after December 31, 1986 which is carried back or carried forward to the current taxable year shall not exceed ninety percent of the alternative minimum taxable income determined without regard for the net operating loss deduction.

Sec. 15. Section 422.61, subsection 2, Code 1987, is amended to read as follows:

2. "Taxable year" means the calendar year or the fiscal year ending during a calendar year, for which the tax is payable. "Fiscal year" includes a tax period of less than twelve months if, under the Internal Revenue Code of 1954, a corporation is required to file a tax return covering a tax period of less than twelve months.

Sec. 16. Section 422.61, subsection 4, Code 1987, is amended to read as follows:

4. "Net income" means the net income of the financial institution computed in accordance with section 422.35, with the exception that interest and dividends from federal securities shall not be subtracted, ~~no~~ federal income taxes paid or accrued shall not be subtracted, and notwithstanding the provisions of sections 262.41 and 262.51 or any other provisions of the law, income from obligations of the state and its political subdivisions and any amount of franchise

taxes paid or accrued under this division during the taxable year shall be added. Any deduction disallowed under section 265(b) or 291(e)(1)(B) of the Internal Revenue Code shall be subtracted.

Sec. 17. Section 450A.1, Code 1987, is amended to read as follows:

450A.1 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Generation skipping transfer" means the generation skipping transfer as defined in section 2611 of the Internal Revenue Code of 1954.

2. "Internal Revenue Code of 1954" means the same as the term is defined in section 422.3.

3. "~~Deemed transferor~~" means the ~~deemed transferor~~ as defined in section 2612 of the Internal Revenue Code of 1954.

4. "Director" means the director of the department of revenue and finance.

5. "~~Generation skipping trust~~" means a ~~generation skipping trust~~ as defined in section 2611 of the Internal Revenue Code of 1954.

6. "~~Generation skipping trust equivalent~~" means a ~~generation skipping trust equivalent~~ as defined in section 2611 of the Internal Revenue Code of 1954.

7. "~~Distributee Transferee~~" means a person receiving property in a generation skipping transfer.

8. "Department" means the department of revenue and finance.

6. "~~Direct skip~~" means the same as the term is defined in section 2612(c) of the Internal Revenue Code.

7. "~~Taxable termination~~" means the same as the term is defined in section 2612(a) of the Internal Revenue Code.

8. "~~Taxable distribution~~" means the same as the term is defined in section 2612(b) of the Internal Revenue Code.

9. "~~Transferor~~", "~~trust~~", "~~trustee~~" and "~~interest~~" means the same as those respective terms are defined in section 2652 of the Internal Revenue Code.

Sec. 18. Section 450A.2, Code 1987, is amended to read as follows:

450A.2 IMPOSITION OF TAX.

A tax is imposed on the transfer of any property, included in a generation skipping transfer, other than a direct skip, occurring at the same time as, or after, and as a result of the death of the ~~deemed transferor~~ an individual, equal to the in an amount of equal to the maximum federal credit allowable under section ~~2602(c)(5)(B)~~ 2604 of the Internal Revenue Code of 1954, for that portion of state estate, inheritance, legacy, or succession tax the generation skipping transfer tax actually paid to the state in respect of any property included in the generation skipping transfer.

Where the ~~deemed transferor~~ is a resident of Iowa and all property included in a generation skipping transfer that is subject to tax under this section has a situs in Iowa, or is subject to the jurisdiction of the courts of Iowa, an amount equal to the total credit as allowed under the Internal Revenue Code of 1954 shall be paid to the state of Iowa. Where the ~~deemed transferor~~ is a nonresident or where the property included in a generation skipping transfer that is subject to tax under this section has a situs outside the state of Iowa and not subject to the jurisdiction of Iowa courts, the tax shall be prorated on the basis that the value of Iowa property included in the generation skipping transfer bears to the total value of property included in the generation skipping transfer.

Sec. 19. Section 450A.3, Code 1987, is amended to read as follows:

450A.3 VALUE OF PROPERTY.

The value of property, included in a generation skipping transfer, shall be the same as determined for federal generation skipping transfer tax purposes under the Internal Revenue Code of 1954.

Sec. 20. Section 450A.4, Code 1987, is amended to read as follows:

450A.4 PAYMENT OF THE TAX.

The tax imposed by this chapter shall be paid ~~within twelve months on or before the last day of the ninth month after the death of the deemed transferor if the transfer occurs at that time, or if later, the day which is twelve months after the day on which such generation skipping transfer occurred~~ individual whose death is the event causing the generation skipping transfer which is eligible for the credit for state taxes paid under section 2604 of the Internal Revenue Code. For purposes of this chapter, any property transferred during the three year period ending on the date of the deemed transferor's death and which is included in a generation skipping transfer under the Internal Revenue Code of 1954 shall be considered as transferred on the deemed transferor's death.

Sec. 21. Section 450A.5, Code 1987, is amended to read as follows:

450A.5 LIABILITY FOR THE TAX.

The distributee transferee of the property included in the generation skipping transfer shall be personally liable for the tax to the extent of the fair market its value, determined under section 2624 of the Internal Revenue Code as of the time of the distribution, of the property received in the distribution generation skipping transfer. If the tax is attributable to a taxable termination, as defined in section ~~2613~~ 2612(a) of the Internal Revenue Code of 1954, the trustee and the transferee shall be personally liable for the tax to the extent of the value of the property subject to tax under the trustee's control.

Sec. 22. Section 450A.6, Code 1987, is amended to read as follows:

450A.6 LIEN OF THE TAX.

The tax imposed by this chapter shall be a lien on the property subject to the tax for a period of ten years from the time the generation skipping transfer occurs. Full payment of the tax, penalty and interest due and interest, if any, shall release the lien and discharge the distributee transferee and trustee of personal liability. Unless the lien has been perfected by recording, a transfer by the distributee transferee or the trustee to a bona fide purchaser for value shall divest the property of the lien. If the lien is perfected by recording, the rights of the state under the lien have priority over all subsequent mortgages, purchases or judgment creditors. The department may release the lien prior to the payment of the tax due if adequate security for payment of the tax is given.

Sec. 23. Section 450A.10, Code 1987, is amended to read as follows:

450A.10 DIRECTOR TO ENFORCE COLLECTION.

It shall be the duty of the director to enforce collection of the tax imposed by this chapter and shall with all the rights of a party in interest, represent the state in any proceedings to collect the tax. The director shall have the power to bring suit against any person liable for the payment of the tax, penalty, interest and costs and may foreclose the lien of the tax in the same manner as is now prescribed for the foreclosure of real estate mortgages and upon judgment may cause execution to be issued to sell so much of the property necessary to satisfy the tax, penalty, interest and costs due.

Sec. 24. Section 450A.11, Code 1987, is amended to read as follows:

450A.11 DUTY TO CLAIM MAXIMUM CREDIT.

It shall be the duty of any person liable for the payment of the tax to claim the maximum federal credit allowable for that portion of the state estate, inheritance, legacy or succession generation skipping transfer tax paid in respect of any property included in a taxable generation skipping transfer. Claiming on a federal return a sum less than the maximum federal credit allowable shall not relieve any person liable for the tax of the duty to pay the tax imposed under this chapter.

If an amended or supplemental return is filed with the internal revenue service which results in a change in the amount of tax owing under this chapter, the persons liable for the payment of the tax shall submit an amended return, on forms prescribed by the director, indicating the amount of the tax then owing as a result of such change.

If any federal generation skipping transfer tax has been paid before the enactment of this chapter, the persons liable for the payment of the tax under this chapter shall file an amended federal return claiming the maximum federal credit allowable and file the Iowa returns specified in section 450A.8 within six months after the enactment of this chapter or within the time limit provided in section 450A.4 whichever is the later.

Sec. 25. Notwithstanding section 8.55, the moneys in the Iowa economic emergency fund on July 1, 1987 are transferred to the general fund of the state. Funds transferred to the general fund of the state shall be used to defray expenses incurred for the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 26. 1987 Iowa Acts, House File 675, sections 4 and 13, are repealed.

Sec. 27. 1987 Iowa Acts, House File 377*, section 10, is amended to read as follows:

SEC. 10. This Act takes effect January 1, 1988. Sections ~~4~~ 7 through ~~6~~ 9 apply to tax returns filed for tax years beginning on or after January 1, 1987. However, in determining the allocation between the political candidates fund and the Iowa election campaign fund of funds from the returns for the three tax years beginning on or after January 1, 1987, 1988, and 1989, only the first two hundred sixty thousand dollars received for the tax returns of each of those years shall be deposited in the Iowa election campaign fund and the remainder shall be deposited in the political candidates fund. In order to register for a restricted campaign in 1988, a candidate's committee existing in 1987 must characterize its December 31, 1987, balance as provided in section 56.33, subsection 10, and provide that information to the commission with the report filed in January, 1988.

Sec. 28. 1987 Iowa Acts, House File 153**, sections 1 through 23, are repealed.

Sec. 29. 1987 Iowa Acts, House File 153**, sections 57 and 58, are amended to read as follows:

SEC. 57. Sections ~~1, 2, 4, 5, 6, 7, 11, 15~~ through 24, 26, 27, 31, 32, 34, and 36 of this Act are retroactive to January 1, 1986 for tax years beginning on or after that date.

SEC. 58. Sections ~~3, 8, 9, 10, 12, 13, 14,~~ 25, 28, 29, 30, 33, and 35 of this Act are retroactive to January 1, 1987 for tax years beginning on or after that date.

Sec. 30. Sections 5, 7, 8, 12, 13, and 15 of this Act are retroactive to January 1, 1986 for tax years beginning on or after that date.

Sec. 31. Sections 2, 3, 4, 6, 9, 10, 11, 14, and 16 of this Act are retroactive to January 1, 1987 for tax years beginning on or after that date.

Sec. 32. Sections 17 through 24 of this Act are retroactive to October 22, 1986 for generation skipping transfers which are eligible for the credit for state taxes under section 2604 of the Internal Revenue Code and are made after October 22, 1986, subject to the special rules of section 1433(b) of Public Law 99-514.

Sec. 33. This Act, being deemed of immediate importance, is effective upon enactment.

Approved July 6, 1987

*Vetoed June 8, 1987

**Vetoed June 7, 1987

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File	Acts
No.	Chapter
523.....	1

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422.5(1)"o"(4)	1,§2	422.35(2)	1,§9	450A.2	1,§18
422.7	1,§3	422.35(11)	1,§10	450A.3	1,§19
422.13(1)"b"	1,§4	422.36(5)	1,§12	450A.4	1,§20
422.32(4)	1,§5	422.37(7)	1,§13	450A.5	1,§21
422.32(11)	1,§5	422.60	1,§14	450A.6	1,§22
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*Vetoed bills

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