

Reported Recommending
Ind. Postponed
Passed House
Failed to Pass House.....
Passed Senate
Failed to Pass Senate.....

House File 43

January 21, 1947.
Ways and Means.

By VAN EATON.

A BILL FOR

An Act to amend sections four hundred twenty-two point five (422.5), four hundred twenty-two point twelve (422.12), and four hundred twenty-two point thirteen (422.13), Code 1946, relating to the state income tax.

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

1 Section 1. Section four hundred twenty-two point five
2 (422.5), Code 1946, is amended as follows:

3 1. Strike all of subsection five (5) thereof.

4 2. Add at the end of subsection four (4), “, and on all
5 taxable income in excess of four thousand dollars, four percent”.

1 Sec. 2. Subsection one (1), section four hundred twenty-
2 two point twelve (422.12), Code 1946, is hereby amended by
3 striking the word “ten” and substituting in lieu thereof the
4 word “fifteen”, and subsection two (2), section four hundred
5 twenty-two point twelve (422.12), Code 1946, is hereby amended
6 by striking the word “twenty” in line two (2) and substituting
7 in lieu thereof the word “thirty”; and subsection three (3),
8 section four hundred twenty-two point twelve (422.12) is hereby
9 amended by striking the word “five” in line four (4) and substitu-
10 ting in lieu thereof the words “seven and one-half”.

1 Sec. 3. Subsection one (1), section four hundred twenty-

2 two point thirteen (422.13), Code 1946, is hereby amended by
3 inserting after the word "thousand" in line three (3) the words
4 "two hundred and fifty" and by striking the words "fifteen
5 hundred" in line six (6) and substituting in lieu thereof the
6 words "two thousand", and subsection two (2), section four
7 hundred twenty-two point thirteen (422.13), Code 1946, is hereby
8 amended by striking the words "fifteen hundred" in line two
9 (2) and substituting in lieu thereof the words "two thousand",
10 and subsection four (4), section four hundred twenty-two point
11 thirteen (422.13), Code 1946, is hereby amended by striking the
12 words "three thousand" in line two (2) and substituting in lieu
13 thereof the words "five thousand".

1 Sec. 4. The effective date of this act is hereby post-
2 poned until January 1, 1948, and thereafter taxes on incomes
3 earned during the calender year 1947 or any fiscal year begin-
4 ning in 1947 shall be paid on the basis of rates as provided
5 herein.

EXPLANATION OF H. F. 43

This bill lowers from 5 percent to 4 percent the maximum tax imposed. Also the deductions from computed tax are increased. This proposal will remove an estimated 200,000 of the lower income groups from the tax roll. The revenue from this group is so low that the cost of processing estimated to be approximately one dollar per report filed is not justified. By raising the gross income upon which income tax returns must be filed further administration cost is eliminated because many no-pay returns are eliminated. Under this proposal approximately two hundred and fifty thousand dollars (\$250,000) will be saved in administration cost. It is estimated by tax experts that this released administration energy if applied to tax evasion would raise more revenue than the eliminated returns now yield.