

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

House File 74

January 21, 1947.
Ways and Means.

By McFARLANE and REDMAN.

A BILL FOR

An Act providing for an emergency tax levied upon personal income; defining the conditions under which such tax may be levied; and providing that any revenue derived from the imposition of such emergency income tax shall be for the benefit of the general fund of the state of Iowa.

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

- 1 Section 1. An emergency tax is hereby imposed, effective
2 as provided by this Act, upon every resident of the state and
3 upon that part of the income of any non-resident which is
4 derived from any property, trust, or other source within this
5 state, including any business, trade, profession or occupation
6 carried on within the state, which tax shall be levied,
7 collected and paid annually upon and with respect to his entire
8 taxable income as herein defined at rates as follows:
- 9 1. On the first one thousand dollars (\$1000) of taxable
10 income, or any part thereof, one-half ($\frac{1}{2}$) of one percent (1%).
- 11 2. On the second thousand dollars (\$2000) of taxable
12 income, or any part thereof, one percent (1%).
- 13 3. On the third thousand dollars (\$3000) of taxable
14 income, or any part thereof, one and one-half percent ($1\frac{1}{2}\%$).

15 4. On the fourth thousand dollars (\$4000) of taxable
16 income, or any part thereof, two percent (2%).

17 5. On the fifth thousand dollars (\$5000) of taxable
18 income, or any part thereof, two and one-half percent (2½%).

1 Sec. 2. The tax thus imposed shall be collected by the
2 state tax commission in the same manner as the tax now imposed
3 by section four hundred twenty-two point five (422.5) of the
4 Code, and the provisions of Division I., Chapter 422, Code 1946,
5 relating to the computation, collection and administration of
6 the tax on individual incomes, shall apply to the collection
7 and administration of the emergency income tax herein provided.

1 Sec. 3. In the collection of such emergency income tax
2 there shall be deducted from the tax after the same shall have
3 been computed as set forth in Division I., Chapter 422, Code
4 1946, personal exemptions as follows:

5 1. For a single individual, five dollars (\$5.00).

6 2. For husband and wife or head of a family, ten dollars
7 (\$10.00).

8 3. For each child under the age of twenty-one (21) years
9 who is actually supported by and dependent upon the taxpayer
10 for his support, an additional two and one-half dollars (\$2.50).

11 4. For each actual dependent other than as specified in
12 subsection three (3) of this section, the taxpayer may deduct
13 the sum of two and one-half dollars (\$2.50); or in lieu thereof
14 in the case of a father, mother or grandparent dependent upon
15 the taxpayer, the taxpayer in computing his net income may

16 make deduction therefrom of three hundred dollars (\$300) for
17 such dependent.

18 If the status of the taxpayer, insofar as it affects the
19 personal exemption or credit for dependents changes during
20 the taxable year, the personal exemption and credit shall be
21 apportioned under rules and regulations prescribed by the
22 commission.

1 Sec. 4. The emergency income tax hereby provided shall
2 not be levied or collected unless it is determined by the
3 state executive council on or before November fifteenth (15th)
4 of any calendar year that an emergency exists which requires
5 the levy of an additional income tax collectible upon income
6 earned during the year ending on December thirty-one (31) of
7 such year and upon income earned by individuals making returns
8 upon any fiscal year beginning during said year, such tax to
9 be collected during the next calendar year to insure the
10 payment of all commitments or contingencies affecting the
11 solvency and credit of the state.

12 The state comptroller shall, when in his judgment it is
13 necessary, report to the executive council on or before the
14 twentieth (20th) day of July in any calendar year, that an
15 emergency exists in state financial conditions which will
16 require the levying of a state general property tax as
17 provided by section eight point six (8.6) subsection thirteen
18 (13), Code 1946, and the executive council shall under such
19 conditions certify to the state tax commission that the

20 emergency tax herein provided shall be made effective as
21 provided in this Act. In the event that the amount of revenue
22 to be derived from such emergency tax, as estimated by
23 the state tax commission, is sufficient to meet the needs of
24 the emergency as determined by the executive council, no levy
25 shall be certified by the state comptroller for general state
26 taxes as provided in subsection thirteen (13) of section eight
27 point six (8.6) of the Code.

1 Sec. 5. It is the intent and purpose of this Act that no
2 state levy upon property shall be made in any year for the
3 general state fund unless the proceeds of an emergency income
4 tax levy as herein provided shall be insufficient to meet the
5 financial needs of the state as determined by the comptroller
6 and the executive council.

1 Sec. 6. The state tax commission shall have the authority
2 to collect the emergency income tax herein provided in the
3 same manner as the regular income tax levied as provided by
4 Division I., Chapter 422, Code 1946, is collected, and it
5 shall have the authority to combine the regular and the
6 emergency income tax levies under a single return form in
7 such manner that both the emergency and the regular levy may
8 be computed as a whole in the most efficient manner; but all
9 proceeds from the emergency levy shall be segregated and shall
10 be credited by the state treasurer to the general fund of the
11 state as rapidly as they shall be received.

1 Sec. 7. The provisions of this Act shall apply to incomes

2 of all persons making a return on a fiscal year basis when the
3 fiscal year begins on a calendar year in which said emergency
4 levy is imposed and the tax thus imposed shall be collectible
5 upon income for the fiscal year beginning during such calendar
6 year.

EXPLANATION OF H. F. 74

The committee on postwar taxation is in unanimous accord on the principle that no state property tax levy should be imposed in the state of Iowa in the future, except in case of direct emergency, or when voted by the people.

It accordingly submits a measure which would authorize the executive council to put into effect an additional state income tax, at the same rate and under the same conditions as the normal tax, should it appear that a state tax levy would otherwise be required, or in case of extreme emergency. The measure as drafted further provides that no state property tax levy shall be authorized, unless more is required to meet financial needs than would be supplied by the putting into operation of the emergency income tax levy.