

February 14, 1951.
Passed on File.

Senate File 328
By WAYS AND MEANS COMMITTEE.

Passed Senate, Date.....
Vote: Ayes..... Nays.....
Passed House, Date
Vote: Ayes..... Nays.....
Approved

A BILL FOR

An Act to amend chapter four hundred thirty A (430A), Code 1950, relating to the taxation of loan agencies and by fixing the conditions under which Iowa corporations may elect to be taxed under this chapter, and the basis of taxing such Iowa corporations.

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

1 Section 1. Section four hundred thirty A point one
2 (430A.1), Code 1950, is hereby amended by inserting after the
3 word "loaned" in line thirteen (13) thereof, the words "or
4 invested", and by adding to said section four hundred thirty
5 A point one (430A.1) the following: "The terms 'loaned' or
6 'invested' as employed in this section shall have the same
7 meaning and effect with respect to loans and investments
8 outside the state of Iowa as is hereinafter provided with
9 respect to loans and investments within the state of Iowa."

1 Sec. 2. Section four hundred thirty A point three
2 (430A.3), Code 1950, is hereby amended by adding thereto the
3 following: "The term 'loans' as used herein shall mean the
4 lending of money to members of the general public upon other
5 than real estate security. The term 'investments' as used

6 herein shall mean the discounting, purchasing, or otherwise
7 acquiring notes, mortgages, sales contracts, debentures, or
8 any other evidences of indebtedness, based upon other than
9 real estate security when such investments are made in
10 connection with loans made to members of the general public
11 in the state of Iowa or in the course of any operations having
12 as their effect the financing of business transactions within
13 the state of Iowa resulting in the incurring of any
14 indebtedness based upon security other than real estate
15 security.”

1 Sec. 3. Section four hundred thirty A point four (430A.4),
2 Code 1950, is hereby amended by striking the period (.) following
3 the word “Iowa” in line nineteen (19) thereof, and adding thereto
4 the following: “; provided that no deduction for indebtedness
5 shall be allowed in excess of eighty per cent (80%) of the
6 amount of capital employed in the business of making loans or
7 investments within the state of Iowa as provided by this Act
8 and that in the determination of the indebtedness deducted,
9 any and all assets of the company in the form of accounts
10 receivable, cash on hand, or other capital used or available
11 for use in connection with loans and investments on other than
12 real estate security which have not been included in capital,
13 shall be deductible from any such indebtedness for which credit
14 is claimed or allowed.”

1 Sec. 4. Section four hundred thirty A point five (430A.5),
2 Code 1950, is hereby amended by adding thereto the following:

3 “The state tax commission shall have the power to require the
4 making of a return by any corporation, individual, partnership,
5 or agency which it deems to be subject to taxation under the
6 provisions of this Act and in case of failure or refusal to
7 make such a return, the state tax commission shall make an
8 assessment based upon the best information it is able to
9 obtain against any such corporation, individual, partnership,
10 or agency, and shall certify such assessment as provided by
11 this Act. Appeals may be taken from the action of the state
12 tax commission in regard to assessments or orders made by it
13 in connection with this Act under the same procedure generally,
14 as is provided by section 422.29, Code 1950.”

1 Sec. 5. Section four hundred thirty A point seven (430A.7),
2 Code 1950, is hereby repealed and the following is hereby
3 enacted in lieu thereof:

4 “430A.7. Any corporation incorporated under the laws of
5 the state of Iowa engaged in the business referred to in
6 section 430A.1 hereof, both within and without the state of
7 Iowa and whose loans and investments outside of the state of
8 Iowa, whether made directly or through a wholly owned subsidiary,
9 exceeds fifteen per cent (15%) of its total loans and investments,
10 may by filing a statement or return elect to be assessed and
11 taxed in the manner and to the extent provided in the foregoing
12 sections and in each year in which it is so assessed, its
13 shares of stock, its loans to or capital invested in wholly
14 owned subsidiaries described in the next sentence following,

15 and moneys and credits shall not be assessed under chapter
16 four hundred thirty-one (431) or otherwise, except as herein
17 provided. In determining the amount of capital employed within
18 the state of Iowa by a corporation making a return under this
19 section, there shall not be included therein the amount of
20 loans to or capital invested in a wholly owned subsidiary
21 engaged in the business of making loans and investments on
22 other than real estate security and not incorporated under
23 the laws of Iowa; provided, however, that any capital employed
24 by any such subsidiary in the operation of a place of
25 business of making loans or investments within the state of
26 Iowa as defined by this Act shall be subject to tax as
27 capital employed within the state of Iowa. Any corporation
28 electing under this section shall notify the local assessor
29 or assessors of the fact of such election on or before March
30 thirty-first (31st) following.”

1 Sec. 6. The provisions of this Act shall be effective
2 upon all assessments made under this Act in the state of
3 Iowa upon returns made for assessment during the year 1951
4 and thereafter.

1 Sec. 7. This Act being deemed of immediate importance
2 shall be in full force and effect from and after its
3 publication in the Clayton County Press-Journal, a newspaper
4 published at Strawberry Point, Iowa, and in the Clear Lake
5 Reporter, a newspaper published at Clear Lake, Iowa.