

February 12, 1963.
Ways and Means.

House File 224
By ANDERSEN of Woodbury.

Passed House, Date.....

Passed Senate, Date.....

Vote: Ayes..... Nays.....

Vote: Ayes..... Nays.....

Approved.....

A BILL FOR

An Act relating to moneys and credits.

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

1 Section 1. Section four hundred twenty-nine point two
2 (429.2), Code 1962, is hereby amended as follows:

3 1. By striking from line nineteen (19) the words "five mills"
4 and inserting in lieu thereof the words "one (1) mill".

5 2. By adding the following after the word "resides." at
6 the end of said section:

7 "The tax provided for in section four hundred thirty point
8 seven (430.7) of the Code and section four hundred thirty-one
9 point thirteen (431.13) of the Code shall be at the rate of one
10 (1) mill on the dollar."

1 Sec. 2. Chapter four hundred twenty-nine (429), Code 1962,
2 is hereby amended by adding the following new section:

3 "All transfers as defined in this section made within sixty
4 (60) days of the time for declaration of moneys and credits
5 which result in avoidance of the tax imposed by this chapter,
6 shall be presumed to have been made to evade the tax on moneys
7 and credits and as a transfer to evade tax shall be taxed at
8 actual value in present form. The burden shall be on the owner
9 to overcome such presumption. When used in this section transfers
10 shall be construed to mean:

11 "1. The borrowing of money, and the use of such debt to

12 reduce the total dollar value of moneys and credits declared,
13 while the money borrowed is retained in such form on the date
14 for declaration so as to be noninterest bearing.

15 "2. The exchanging of taxable moneys and credits for non-
16 taxable moneys and credits prior to the day for assessment, and
17 the exchange back to taxable moneys and credits within six (6)
18 months after the time for declaring moneys and credits."

1 Sec. 3. Chapter four hundred twenty-nine (429), Code 1962,
2 is further amended by adding thereto the following new sections:

3 1. "The owner of moneys and credits shall declare to the
4 assessor all such moneys and credits notwithstanding the fact
5 that such moneys and credits may be subject to exemption or
6 deduction."

7 2. "When used in this chapter 'actual value of corporate
8 shares or stock' means the fair market value of such shares or
9 stock as of December thirty-one (31), next preceding the
10 January one (1) assessment date."

1 Sec. 4. Section four hundred twenty-nine point four (429.4),
2 Code 1962, is hereby repealed and the following enacted in lieu
3 thereof:

4 "1. After declaration of all moneys and credits whatsoever,
5 each person may deduct from the actual taxable value of such
6 moneys and credits in order to compute the tax the sum of five
7 thousand (5,000) dollars, and a married person may deduct an
8 additional five thousand (5,000) dollars for his spouse without
9 regard as to legal ownership of such moneys and credits. In no
10 case shall a married couple claim more than ten thousand (10,000)
11 dollars as a deduction under this subsection whether they
12 declare jointly or severally.

13 "2. A person may deduct the gross amount of good-faith
14 debts owing by him from the actual dollar value of the declared
15 moneys and credits before computing tax.

16 "3. Noninterest bearing moneys and credits and accounts
17 receivable are tax exempt, except that they shall be declared
18 and deducted from the allowable deduction provided for in
19 subsection one (1) of this section."

1 Sec. 5. Section four hundred twenty-seven point one (427.1),
2 Code 1962, is hereby amended as follows:

- 3 1. By repealing subsection five (5).
- 4 2. By repealing subsection twenty (20).
- 5 3. By repealing subsection twenty-three (23).

1 Sec. 6. Section four hundred thirty-one point thirteen
2 (431.13), Code 1962, is hereby repealed and the following en-
3 acted in lieu thereof:

4 "A sum which equals five (5) percent of the amount paid in by
5 members and credited on shares shall be taxed and assessed as
6 moneys and credits against every mutual building and loan or
7 savings and loan association at its principal place of business.

1 Sec. 7. Section four hundred twenty-nine point fourteen
2 (429.14), section four hundred thirty-one point nine (431.9),
3 section four hundred thirty-one point ten (431.10), section
4 four hundred thirty-one point twelve (431.12), and section four
5 hundred thirty-one point sixteen (431.16), Code 1962, are hereby
6 repealed.

1 Sec. 8. Chapter four hundred thirty-one (431) is hereby
2 amended by adding thereto the following new section:

3 "There is hereby levied and imposed against the owners of

4 shares of mutual building and loan or savings and loan associ-
5 ations a tax of one (1) mill on the dollar on the actual value
6 of such shares. The actual value of the share shall be determined
7 at the close of the business day on December 31, and shall equal
8 the amount shown to the credit of the shareholder by the
9 association.”

EXPLANATION OF HOUSE FILE 224

This bill reduces the moneys and credits tax to two mills on a dollar to individuals. The bill would also make municipal bonds taxable and would eliminate the exemptions which certain persons owning corporate stock now enjoy. Banks pay no income tax as other corporations do, and with this in mind this bill would hold the tax rate on bank stock at two mills. Bank depositors would pay tax on deposits at the rate of two mills, because this bill reduces the rate of taxation on such items to individuals. Savings and loan institutions would be taxed at the rate of two mills on a sum equal to five percent of the worth of their deposits. Owners of shares in savings and loan institutions would pay two mills on the dollar on the actual value of the share which would be the amount deposited plus dividends paid.

This bill would eliminate manipulation of moneys and credits just before January 1 of each year to avoid moneys and credits tax. This bill would also allow a married man to deduct \$10,000, instead of \$5,000 provided for each person, from the actual value of his taxable moneys and credits.

This bill would also demand that persons list all moneys and credits for the assessor and then the assessor decide what is taxable. Now it seems a person decides not to list moneys and credits because he has determined they would be exempt or subject to deduction. This would allow the tax commission to check and see from the declaration whether or not a taxable item has been left out in computing total taxable moneys and credits before deductions.