

## CHAPTER 86

### ADMINISTRATION, IMPOSITION, AND COLLECTION OF TAXES AND VEHICLE REGISTRATION FEES

S.F. 366

**AN ACT** relating to state taxation and related laws of the state including the collection of tax, tax credits, the assessment and classification of property, taxes on electricity providers, fees for registration of vehicles, sales and use tax, and the authority of the director of revenue, and providing penalties, and including effective date and retroactive applicability provisions.

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

#### DIVISION I

#### TAX CREDITS FOR CERTAIN SALES TAXES PAID BY THIRD-PARTY DEVELOPERS

Section 1. [Section 15.331C](#), Code 2021, is amended to read as follows:

**~~15.331C Corporate tax credit for certain sales taxes paid by third-party developer~~  
Third-party developer tax credit.**

1. An eligible business may claim a corporate tax credit in an amount equal to the sales and use taxes paid by a third-party developer under [chapter 423](#) for gas, electricity, water, or sewer utility services, goods, wares, or merchandise, or on services rendered, furnished, or performed to or for a contractor or subcontractor and used in the fulfillment of a written contract relating to the construction or equipping of a facility of the eligible business. Taxes attributable to intangible property and furniture and furnishings shall not be included, but taxes attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center shall be included. Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following seven years or until depleted, whichever occurs earlier. An eligible business may elect to receive a refund of all or a portion of an unused tax credit.

2. A third-party developer shall state under oath, on forms provided by the department of revenue, the amount of taxes paid as described in [subsection 1](#) and shall submit such forms to the department of revenue. The taxes paid shall be itemized to allow identification of the taxes attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center. After receiving the form from the third-party developer, the department of revenue shall issue a tax credit certificate to the eligible business equal to the sales and use taxes paid by a third-party developer under [chapter 423](#) for gas, electricity, water, or sewer utility services, goods, wares, or merchandise, or on services rendered, furnished, or performed to or for a contractor or subcontractor and used in the fulfillment of a written contract relating to the construction or equipping of a facility. The department of revenue shall also issue a tax credit certificate to the eligible business equal to the taxes paid and attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center. The aggregate combined total amount of tax refunds under [section 15.331A](#) for taxes attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center and of tax credit certificates issued by the department of revenue for the taxes paid and attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center shall not exceed five hundred thousand dollars in a fiscal year. If an applicant for a tax credit certificate does not receive a certificate for the taxes paid and attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center, the application shall be considered in succeeding fiscal years. The eligible business shall not claim a tax credit under [this section](#) unless a tax credit certificate issued by the department of revenue is included with the taxpayer's tax return for the tax year for which the tax credit is claimed. A tax credit certificate shall contain the eligible business's name, address, tax identification number, the amount of the tax credit, and other information deemed necessary by the department of revenue.

3. An individual may claim a tax credit under [this section](#) of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to

the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust.

Sec. 2. [Section 15.335A, subsection 2](#), paragraph d, Code 2021, is amended to read as follows:

d. *“Sales tax refund”* means the sales and use tax refund as provided under [section 15.331A](#) or the ~~corporate tax credit for certain sales taxes paid by third-party developers~~ developer tax credit as provided under [section 15.331C](#).

Sec. 3. **NEW SECTION. 422.11T Third-party developer tax credit.**

The taxes imposed under [this subchapter](#), less the credits allowed under [section 422.12](#), shall be reduced by the third-party developer tax credit authorized pursuant to [section 15.331C](#) for certain sales taxes paid by a third-party developer.

Sec. 4. [Section 422.33, subsection 19](#), Code 2021, is amended to read as follows:

19. The taxes imposed under [this subchapter](#) shall be reduced by a ~~corporate~~ third-party developer tax credit authorized pursuant to [section 15.331C](#) for certain sales taxes paid by a third-party developer.

Sec. 5. [Section 422.60, subsection 8](#), Code 2021, is amended to read as follows:

8. The taxes imposed under [this subchapter](#) shall be reduced by a ~~corporate~~ third-party developer tax credit authorized pursuant to [section 15.331C](#) for certain sales taxes paid by a third-party developer.

Sec. 6. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 7. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2020, for tax years beginning on or after that date.

## DIVISION II GEOTHERMAL HEAT PUMP INSTALLATION TAX CREDIT

Sec. 8. [Section 422.12N, subsection 3](#), Code 2021, is amended to read as follows:

3. a. A taxpayer must submit an application with the department for each geothermal heat pump installation. The application must be approved by the department prior to claiming the credit, and the application must be filed by May 1 following the year of installation of the geothermal heat pump.

b. The department shall accept and approve applications on a first-come, first-served basis until the maximum amount of tax credits that may be claimed pursuant to [subsection 4](#) is reached. If for a tax year the aggregate amount of tax credits applied for exceeds the amount specified in [subsection 4](#), the department shall establish a wait list for tax credits. Valid applications filed by the taxpayer by May 1 following the year of the installation but not approved by the department shall be placed on a wait list in the order the applications were received and those applicants shall be given priority for having their applications approved in succeeding years. Placement on a wait list pursuant to [this subsection](#) shall not constitute a promise binding the state. The availability of a tax credit and approval of a tax credit application pursuant to [this section](#) in a future year is contingent upon the availability of tax credits in that particular year.

Sec. 9. LEGISLATIVE INTENT. It is the intent of the general assembly that the section of this division amending [section 422.12N](#) is a conforming amendment consistent with current state law, and the amendment does not change the application of the current law but instead reflects current law both before and after enactment of this division of this Act.

Sec. 10. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 11. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to January 1, 2019, for tax years beginning on or after that date.

### DIVISION III TAXES ON ELECTRICITY PROVIDERS

Sec. 12. [Section 437A.3, subsection 18](#), paragraph a, subparagraph (2), Code 2021, is amended to read as follows:

(2) (a) An electric power generating plant, except a solar energy conversion facility, where the acquisition cost of all interests acquired exceeds ten million dollars.

(b) A solar energy conversion facility where the acquisition cost of all interests exceeds one million dollars.

(c) For purposes of this subparagraph, ~~“electric power generating plant”~~:

(i) “Electric power generating plant” means each nameplate rated electric power generating plant owned solely or jointly by any person or electric power facility financed under the provisions of [chapter 28F](#) or [476A](#) in which electrical energy is produced from other forms of energy, including all equipment used in the production of such energy through its step-up transformer.

(ii) “Solar energy conversion facility” means the same as defined in [section 476C.1](#).

### DIVISION IV FEE FOR NEW REGISTRATION — VEHICLES

Sec. 13. [Section 321.105A, subsection 2](#), paragraph a, Code 2021, is amended to read as follows:

a. For purposes of [this subsection](#), “purchase price” applies to the measure subject to the fee for new registration. “Purchase price” shall be determined in the same manner as “sales price” is determined for purposes of computing the tax imposed upon the sales price of tangible personal property under [chapter 423](#), pursuant to the definition of sales price in [section 423.1](#), ~~subject to the following exemptions~~. The following are exempt from the fee for new registration imposed by [this subsection](#):

(1) ~~Exempted from the purchase price of any vehicle subject to registration is the~~ The amount of any cash rebate which is provided by a motor vehicle manufacturer to the purchaser of the vehicle subject to registration so long as the rebate is applied to the purchase price of the vehicle.

(2) (a) In transactions, except those subject to subparagraph division (b), in which a vehicle subject to registration is traded toward the purchase price of another vehicle subject to registration, ~~the purchase price is only that portion of the purchase price which is not~~ valued in money, whether received in money or not, if the following conditions are met:

(i) The vehicle traded to the retailer is the type of vehicle normally sold in the regular course of the retailer’s business.

(ii) The vehicle traded to the retailer is intended by the retailer to be ultimately sold at retail or is intended to be used by the retailer or another in the remanufacturing of a like vehicle.

(b) In a transaction between persons, neither of which is a retailer of vehicles subject to registration, in which a vehicle subject to registration is traded toward the purchase price of another vehicle subject to registration, the amount of the trade-in value allowed on the vehicle subject to registration traded ~~is exempted from the purchase price~~.

(c) ~~In order for the trade-in value to be excluded from the purchase price, the name or names~~ The person listed on the title and registration of the newly acquired vehicle being purchased must be the same name or names person listed on the title and registration of the traded vehicle being traded in order to exclude the trade-in value from the purchase price. The Additionally, the following trades qualify under this subparagraph division (c):

(i) A trade involving between spouses, if the traded vehicle and the acquired vehicle are titled in the name of one or both of the spouses, with no outside party named on the title.

(ii) A trade ~~involving a grandparent, parent, or child~~ between lineal family members, including adopted and step relationships, if ~~the name of~~ one of the family members from the title of the traded vehicle is also on the title of the newly acquired vehicle.

(iii) A trade involving ~~a business an entity~~, if one of the owners listed on the title of the traded vehicle is ~~a business, and an entity~~. If multiple names are on the names on the title are must be separated by "or". For purposes of trades under this subparagraph subdivision, a sole proprietorship shall not be distinguished from an individual owner.

(iv) A trade in which the vehicle being purchased is titled in the name of an individual other than the owner of the traded vehicle due to the cosigning requirements of a financial institution.

~~(3) Exempted from the purchase price~~ The fair market value of a replacement motor vehicle owned by a motor vehicle dealer licensed under [chapter 322](#) which is being registered by that dealer and is not otherwise exempt from the fee for new registration, ~~is the fair market value of a replaced motor vehicle~~ if all of the following conditions are met:

(a) The motor vehicle being registered is being placed in service as a replacement motor vehicle for a motor vehicle registered by the motor vehicle dealer.

(b) The motor vehicle being registered is taken from the motor vehicle dealer's inventory.

(c) Use tax or the fee for new registration on the motor vehicle being replaced was paid by the motor vehicle dealer when that motor vehicle was registered.

(d) The replaced motor vehicle is returned to the motor vehicle dealer's inventory for sale.

(e) The application for registration and title of the motor vehicle being registered is filed with the county treasurer within two weeks of the date the replaced motor vehicle is returned to the motor vehicle dealer's inventory.

(f) The motor vehicle being registered is placed in the same or substantially similar service as the replaced motor vehicle.

Sec. 14. [Section 321.105A, subsection 2](#), paragraph c, subparagraph (1), Code 2021, is amended to read as follows:

(1) Entities listed in [section 423.3, subsections 17, 18, 19, 20, 21, 22, 26, 27, 28, 31, and 79](#), to the extent that those entities are exempt from the tax imposed on the sale of tangible personal property, ~~consisting of goods, wares, or merchandise~~, sold at retail in the state to consumers or users.

Sec. 15. [Section 321.105A, subsection 2](#), paragraph c, subparagraph (3), subparagraph divisions (a) and (c), Code 2021, are amended to read as follows:

(a) Vehicles subject to registration which are transferred from ~~a business or individual conducting a business within this state as a sole proprietorship, partnership, or limited liability company to a corporation formed by the sole proprietorship, partnership, or limited liability company for the purpose of continuing the business when all of the stock of the corporation so formed is owned by the sole proprietor and the sole proprietor's spouse, by all the partners in the case of a partnership, or by all the members in the case of a limited liability company. This exemption is equally available where the vehicles subject to registration are transferred from a corporation to a sole proprietorship, partnership, or limited liability company formed by that corporation for the purpose of continuing the business when all of the incidents of ownership are owned by the same person or persons who were stockholders of the corporation. an entity doing business within this state to another entity doing business within this state if all of the following apply:~~

(i) The receiving entity was formed by the transferring entity for the purpose of continuing the business.

(ii) (A) All ownership remains the same and in the same proportions as the previous ownership with no fewer or additional owners or replacement owners.

(B) In the case of a sole proprietorship, the spouse of the sole proprietor may stand in place of the sole proprietor.

(c) This exemption applies to corporations that For an exemption under this subparagraph, a receiving entity shall have been in existence for not longer than twenty-four months.

Sec. 16. [Section 321.105A, subsection 2](#), paragraph c, subparagraphs (7), (8), (15), (18), and (19), Code 2021, are amended to read as follows:

(7) Vehicles subject to registration in this state for which the applicant for registration has paid to another state a state sales, use, or occupational tax, or paid the equivalent sales or

excise tax of another country to that country. However, if the tax paid to another state or country is less than the fee for new registration calculated for the vehicle, the difference shall be the amount to be collected as the fee for new registration.

(8) A vehicle subject to registration in this state which is owned by a person who has moved from another state or country with the intention of changing residency to Iowa, provided that the vehicle was purchased for use in the state or country from which the applicant moved and was not, at or near the time of purchase, purchased for use in Iowa.

(15) Vehicles purchased by a licensed wholesaler of new motor vehicles licensed under section 322.27A for resale by the same wholesaler.

(18) A vehicle delivered to a resident Native American Indian on the a reservation.

(19) A vehicle transferred from one individual to another individual as a gift in a transaction in which no consideration is present.

Sec. 17. Section 321.105A, subsection 2, paragraph c, subparagraph (25), unnumbered paragraph 1, Code 2021, is amended to read as follows:

Vehicles subject to registration under this chapter ~~with a gross vehicle weight rating of less than sixteen thousand pounds~~ when purchased for lease and titled by the lessor licensed pursuant to chapter 321F and actually leased for a period of ~~twelve~~ six months or more if the lease of the vehicle is subject to the fee for new registration under subsection 3 or exempt from the fee for new registration pursuant to subsection 3, paragraph "f".

Sec. 18. Section 321.105A, subsection 3, paragraphs a and e, Code 2021, are amended to read as follows:

a. A fee for new registration is imposed in an amount equal to five percent of the leased price for each vehicle subject to registration ~~with a gross vehicle weight rating of less than sixteen thousand pounds~~ which is leased by a lessor licensed pursuant to chapter 321F for a period of ~~twelve~~ six months or more. The fee for new registration shall be paid by the owner of the vehicle to the county treasurer from whom the registration receipt or certificate of title is obtained. A registration receipt for a vehicle subject to registration or issuance of a certificate of title shall not be issued until the fee for new registration is paid in the initial instance.

e. If the lease is terminated or voided prior to the termination date contained in the lease agreement, no refund shall be allowed for a fee for new registration previously paid under this section, except as provided in section 322G.4.

Sec. 19. Section 321.105A, subsection 7, Code 2021, is amended to read as follows:

7. Penalty for false statement or evasion of fee Penalties.

a. False statement. A person who willfully makes a false statement in regard to the purchase price of a vehicle subject to a fee for new registration or willfully attempts in any manner to evade payment of the fee required by this section is guilty of a fraudulent practice. A person who willfully makes a false statement in regard to the purchase price of such a vehicle with the intent to evade payment of the fee for new registration or willfully attempts in any manner to evade payment of the fee required by this section shall be assessed a penalty of seventy-five percent of the amount of the fee unpaid and required to be paid on the actual purchase price less trade-in allowance.

b. Evasion fee. An Iowa resident found to be in control of a vehicle which is owned by a shell business and for which the fee for new registration has not been paid, as provided in section 321.55, subsection 2, is guilty of a fraudulent practice. An Iowa resident found to be in control of a vehicle which is owned by a shell business and for which the fee for new registration has not been paid, as provided in section 321.55, subsection 2, shall be assessed a penalty of seventy-five percent of the amount of the fee unpaid and required to be paid on the actual purchase price less trade-in allowance.

c. Failure to file. If a person required by this chapter to file an application for certificate of title or registration with the county treasurer fails to file such application or registration on or before the due date for such application or registration, a penalty in the amount of ten percent of the fee for new registration due shall be added to the fee.



d. Underpayment. If a person required by [this chapter](#) to file an application for certificate of title or registration with the county treasurer files such application or registration with any inaccurate information that results in the person paying less than the full amount of the fee for new registration, penalties, or interest that was due at the time of application, a penalty in the amount of five percent of the fee for new registration due shall be added to the fee.

DIVISION V  
PENALTIES — IMPUTED IOWA LIABILITY

Sec. 20. [Section 421.27, subsection 9](#), paragraph a, Code 2021, is amended to read as follows:

a. “*Imputed Iowa liability*” means any of the following:

(1) In the case of corporations other than corporations described in [section 422.34](#) or [section 422.36, subsection 5](#), the corporation’s Iowa net income after the application of the Iowa business activity ratio, if applicable, multiplied by the top income tax rate imposed under [section 422.33](#) for the tax year, less any Iowa tax credits available to the corporation.

(2) In the case of financial institutions as defined in [section 422.61](#), the financial institution’s Iowa net income after the application of the Iowa business activity ratio, if applicable, multiplied by the franchise tax rate imposed under [section 422.63](#) for the tax year, less any Iowa tax credits available to the financial institution.

(3) In this case of all other entities, including corporations described in [section 422.36, subsection 5](#), and all other entities required to file an information return under [section 422.15, subsection 2](#), the entity’s Iowa net income after the application of the Iowa business activity ratio, if applicable, multiplied by the top income tax rate imposed under [section 422.5A](#) for the tax year, less any Iowa tax credits available to the entity.

DIVISION VI  
PARTNERSHIP AND PASS-THROUGH ENTITY AUDITS AND REPORTING

Sec. 21. [Section 422.7, subsection 59](#), Code 2021, is amended to read as follows:

59. Any income adjustment subtracted from federal taxable income for an adjustment year pursuant to section 6225 of the Internal Revenue Code and the regulations thereunder shall be added back in computing net income of the partnership and the partners for state tax purposes for the adjustment year.

Sec. 22. [Section 422.25A, subsection 1](#), paragraph k, subparagraph (1), Code 2021, is amended to read as follows:

(1) In the case of a federal partnership adjustment that arises from a partnership level audit, the first day on which no federal adjustments arising from that audit remain to be finally determined, whether by internal revenue service decision with respect to which all rights of appeal have been waived or exhausted, by agreement, or, if appealed or contested, by a final decision with respect to which all rights of appeal have been waived or exhausted. For agreements required to be signed by the internal revenue service and the audited partnership, the final determination date is the date on which the last party signed the agreement.

Sec. 23. [Section 422.25A, subsection 4](#), Code 2021, is amended to read as follows:

4. Reporting and payment requirements for audited partnerships and their partners subject to final federal partnership adjustments.

a. Unless an audited partnership makes the election in [subsection 5](#), ~~the audited a~~ partnership shall do all of the following for all final federal partnership adjustments no later than ninety days after the final determination date ~~of the audited partnership~~:

(1) File a completed federal adjustments report.

(2) Notify each direct partner of such partner’s distributive share of the adjustments in the manner and form prescribed by the department by rule.

(3) File an amended composite return under [section 422.13](#) if one was originally filed, and if applicable for withholding from partners, file an amended withholding report under [section 422.16](#), and pay the additional amount under [this title](#) that would have been due had the final

federal partnership adjustments been reported properly as required, including any applicable interest and penalties.

b. Unless an audited partnership paid an amount on behalf of the direct partners of the audited partnership pursuant to [subsection 5](#), all direct partners of the audited partnership shall do all of the following no later than one hundred eighty days after the final determination date of the audited partnership:

(1) File a completed federal adjustments report reporting the direct partner's distributive share of the adjustments required to be reported to such partners under paragraph "a".

(2) If the direct partner is a tiered partner, notify all partners that hold an interest directly in the tiered partner of such partner's distributive share of the adjustments in the manner and form prescribed by the department by rule.

(3) If the direct partner is a tiered partner and subject to [section 422.13](#), file an amended composite return under [section 422.13](#) if such return was originally filed, and if applicable for withholding from partners file an amended withholding report under [section 422.16](#) if one was originally required to be filed.

(4) Pay any additional amount under [this title](#) that would have been due had the final federal partnership adjustments been reported properly as required, including any applicable penalty and interest.

c. Unless a partnership or tiered partner paid an amount on behalf of the partners pursuant to [subsection 5](#), each indirect partner shall do all of the following:

(1) Within ninety days after the time for filing and furnishing statements to tiered partners and their partners as established by section 6226 of the Internal Revenue Code and the regulations thereunder, file a completed federal adjustments report.

(2) If the indirect partner is a tiered partner, within ninety days after the time for filing and furnishing statements to tiered partners and their partners as established by section 6226 of the Internal Revenue Code and the regulations thereunder but within sufficient time for all indirect partners to also complete the requirements of [this subsection](#), notify all of the partners that hold an interest directly in the tiered partner of such partner's distributive share of the adjustments in the manner and form prescribed by the department by rule.

(3) Within ninety days after the time for filing and furnishing statements to tiered partners and their partners as established by section 6226 of the Internal Revenue Code and the regulations thereunder, if the indirect partner is a tiered partner and subject to [section 422.13](#), file an amended composite return under [section 422.13](#) if such return was originally filed, and if applicable for withholding from partners, file an amended withholding report under [section 422.16](#) if one was originally required to be filed.

(4) Within ninety days after the time for filing and furnishing statements to tiered partners and the partners of the tiered partners as established by section 6226 of the Internal Revenue Code and the regulations thereunder, pay any additional amount due under [this title](#), including any penalty and interest that would have been due had the final federal partnership adjustments been reported properly as required.

Sec. 24. [Section 422.25A, subsection 5](#), paragraph a, Code 2021, is amended to read as follows:

a. An audited partnership, or a tiered partner of an audited partnership that receives a notification of a final federal partnership adjustment under [subsection 4](#) of a final federal partnership adjustment arising from a partnership level audit, may make an election to pay as provided under [this subsection](#).

Sec. 25. [Section 422.25A, subsection 5](#), paragraph b, unnumbered paragraph 1, Code 2021, is amended to read as follows:

An audited partnership or tiered partner ~~makes~~ shall make an election to pay under [this subsection](#) by filing in the manner and form prescribed by the department. The audited partnership or tiered partner making an election to pay shall file a completed federal adjustments report, notifying the department in the manner and form prescribed by the department that it is making the election under [this subsection](#), notifying notify each of the direct partners of such partner's distributive share of the adjustments, and paying pay on behalf of its partners an amount calculated in paragraph "c", including any applicable

penalty and interest. These requirements shall all be fulfilled within one of the following time periods:

Sec. 26. [Section 422.25A, subsection 5](#), paragraph c, subparagraph (6), Code 2021, is amended to read as follows:

(6) (a) Total the amounts computed pursuant to subparagraphs (2) through (5) and calculate any interest and penalty as provided under [this title](#). Notwithstanding any provision of law to the contrary, interest and penalties on the amount due by the audited partnership or tiered partner shall be computed from the day after the due date of the reviewed year return without extension, and shall be imposed as if the audited partnership or tiered partner was required to pay tax or show tax due on the original return for the reviewed year.

(b) The director may establish rules providing for the calculation of amounts due under [this subsection](#) for federal partnership adjustments that affect state tax owed but that do not fit within the calculation in subparagraphs (2) through (5), such as tax credit changes. The director may establish rules that include changes related to state-specific issues following a state partnership audit in the election to pay and calculation of amounts due under [this subsection](#), including but not limited to allocation and apportionment. Interest and penalty shall be computed in the same manner as described in subparagraph division (a).

Sec. 27. [Section 422.25A, subsection 7](#), paragraph d, Code 2021, is amended to read as follows:

d. Nothing in [this section](#) shall prohibit the department from assessing direct partners and indirect partners for taxes they owe in the event that ~~an audited~~ a partnership or tiered partner fails to timely make any report or payment required by [this section](#) for any reason.

Sec. 28. [Section 422.25A, subsection 8](#), paragraph a, Code 2021, is amended to read as follows:

a. The department shall assess additional Iowa income tax, interest, and penalties arising from final federal partnership adjustments in the same manner as provided in [this title](#) unless a different treatment is provided by [this subsection](#). Since final federal partnership adjustments are determined at the ~~audited~~ partnership level, any assessment issued to partners shall not be appealable by the partner. The department may assess any taxes, including on-behalf-of amounts, interest, and penalties arising from the final federal partnership adjustments if it issues a notice of assessment to the ~~audited~~ partnership, tiered partner, or other direct or indirect partner on or before the expiration of the applicable limitations period specified in [section 422.25](#).

Sec. 29. [Section 422.25C, subsection 4](#), Code 2021, is amended to read as follows:

4. If the department, the partnership or pass-through entity, and owners representing a majority of the ownership interests in the partnership or pass-through entity ~~owners~~ agree, the provisions of [this section](#) may be applied to tax years beginning before January 1, 2020.

Sec. 30. [Section 422.35, subsection 26](#), Code 2021, is amended to read as follows:

26. Any income adjustment subtracted from federal taxable income for an adjustment year pursuant to section 6225 of the Internal Revenue Code and the regulations thereunder shall be added back in computing net income of the partnership and the partners for state tax purposes for the adjustment year.

Sec. 31. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 32. RETROACTIVE APPLICABILITY. This division of this Act applies retroactively to July 1, 2020, and applies to federal adjustments and federal partnership adjustments that have a final determination date after July 1, 2020.



DIVISION VII  
VEHICLE REGISTRATION RENEWALS AND COLLECTIONS BY COUNTY TREASURERS  
— CENTRALIZED COLLECTION UNIT — DEPARTMENT OF REVENUE

Sec. 33. [Section 321.40, subsection 6](#), paragraph b, Code 2021, is amended to read as follows:

b. ~~The A county treasurer of the county of the person's residence and in which the person's vehicle is registered, in cooperation with the department of revenue, may collect from a person applying for renewal of a vehicle registration delinquent taxes, including penalties and interest owed to the state from a person applying for renewal of a vehicle registration, and nontax liabilities being collected by the central collection unit of the department of revenue pursuant to [section 421.17, subsection 27](#). The applicant may remit full payment of the taxes balance owed including applicable penalties and interest, along with a processing fee of five dollars, to the county treasurer at the time of registration renewal. Upon full payment of the required taxes balance owed including applicable penalties and interest, the processing fee, and the vehicle registration fee, the county treasurer shall issue the registration to the person. A county treasurer collecting on behalf of the department of revenue shall update the vehicle registration records through the distributed teleprocessing network on a daily basis for all persons who have paid taxes or other balances owed pursuant to [this subsection](#). A county treasurer shall forward all funds collected for the department of revenue to the department of revenue.~~

Sec. 34. [Section 421.17, subsection 27](#), paragraph k, Code 2021, is amended to read as follows:

k. ~~A Pursuant to [section 321.40, subsection 6](#), and rules adopted pursuant to this paragraph, a county treasurer may collect delinquent taxes, including penalties and interest, administered by the department in conjunction with renewal of a vehicle registration as provided in [section 321.40, subsection 6](#), paragraph "b", and rules adopted pursuant to this paragraph and nontax liabilities being collected by the central collection unit of the department of revenue. County treasurers shall be given access to information required for the collection of delinquent taxes, including penalties and interest, as necessary to accomplish the purposes of [section 321.40, subsection 6](#), paragraph "b". The confidentiality provisions of [sections 422.20](#) and [422.72](#) do not apply to information provided by the department to a county treasurer pursuant to this paragraph. A county treasurer collecting taxes, penalties, and interest administered by the department is subject to the requirements and penalties of the confidentiality laws of this state regarding tax or indebtedness information. The director shall adopt rules to implement the collection of tax debt as collections authorized in [section 321.40](#) and this paragraph.~~

DIVISION VIII  
GARNISHMENT

Sec. 35. [Section 626.31](#), Code 2021, is amended to read as follows:

**626.31 Return of garnishment — action docketed — distress action.**

Where parties have been garnished under a distress warrant issued by the director of revenue or the director of inspections and appeals, the officer shall make return thereof to the court in the county where the garnishee lives, if the garnishee lives in Iowa, otherwise in the county where the taxpayer resides, if the taxpayer lives in Iowa; and if neither the garnishee nor the taxpayer lives in Iowa, then to the district court in Polk county, Iowa; the officer shall make return in the same manner as a return is made on a garnishment made under a writ of execution so far as they relate to garnishments, and the clerk of the district court shall docket an action thereon without fee the same as if a judgment had been recovered against the taxpayer in the county where the return is made, an execution issued thereon, and garnishment made thereunder, and thereafter the proceedings shall conform to proceedings in garnishment under attachments as nearly as may be. The warrant shall be considered in all respects as a final judgment.

DIVISION IX  
SNOWMOBILES, ALL-TERRAIN VEHICLES, AND VESSELS — PURCHASES — PAYMENT  
OF SALES OR USE TAX

Sec. 36. [Section 321G.4, subsection 2](#), paragraph b, Code 2021, is amended to read as follows:

b. If the owner of the snowmobile is unable to present satisfactory evidence that the sales or use tax has been paid, the county recorder shall collect the tax. On or before the tenth day of each month, the county recorder shall remit to the department of revenue the amount of the taxes collected during the preceding month, ~~together with an itemized statement on forms furnished by the department of revenue showing the name of each taxpayer, the make and purchase price of each snowmobile, the amount of tax paid, and such other information as the department of revenue requires~~ in a manner prescribed by the department.

Sec. 37. [Section 321I.4, subsection 2](#), paragraph b, Code 2021, is amended to read as follows:

b. If the owner of the all-terrain vehicle is unable to present satisfactory evidence that the sales or use tax has been paid, the county recorder shall collect the tax. On or before the tenth day of each month, the county recorder shall remit to the department of revenue the amount of the taxes collected during the preceding month, ~~together with an itemized statement on forms furnished by the department of revenue showing the name of each taxpayer, the make and purchase price of each all-terrain vehicle, the amount of tax paid, and such other information as the department of revenue requires~~ in a manner prescribed by the department.

Sec. 38. [Section 462A.55](#), Code 2021, is amended to read as follows:

**462A.55 Sales or use tax to be paid before registration.**

No vessel shall be registered by the county recorder until there has been presented to the recorder receipts, bills of sale, or other satisfactory evidence that the sales or use tax has been paid for the purchase of the vessel. If the owner of the vessel is unable to present satisfactory evidence that the sales or use tax has been paid, the county recorder shall collect the tax. On or before the tenth day of each month, the county recorder shall remit to the department of revenue the amount of the taxes so collected during the preceding month, ~~together with an itemized statement on forms furnished by the department of revenue showing the name of each taxpayer, the make and purchase price of each vessel and motor, the amount of tax paid, and such other information as the department of revenue shall require~~ in a manner prescribed by the department.

DIVISION X  
TANGIBLE PERSONAL PROPERTY — RENTALS — SALES AND USE TAX

Sec. 39. [Section 9C.1, subsection 1](#), Code 2021, is amended to read as follows:

1. As used in [this chapter](#), the term “*transient merchant*” shall mean and include every merchant, whether an individual person, a firm, corporation, partnership, or association, and whether owner, agent, bailee, consignee, or employee, who shall bring or cause to be brought within the state of Iowa any ~~goods, wares, or merchandise~~ tangible personal property of any kind, nature, or description, with the intention of temporarily or intermittently selling or offering to sell at retail such ~~goods, wares, or merchandise~~ tangible personal property within the state of Iowa. The term “*transient merchant*” shall also mean and include every merchant, whether an individual person, a firm, corporation, partnership, or an association, who shall by itself, or by agent, consignee, or employee, temporarily or intermittently engage in or conduct at one or more locations a business within the state of Iowa for the sale at retail of any ~~goods, wares, or merchandise~~ tangible personal property of any nature or description.

Sec. 40. [Section 9C.2](#), Code 2021, is amended to read as follows:

**9C.2 License required.**

It shall be unlawful for any transient merchant to sell, dispose of, or offer for sale any ~~goods, wares or merchandise~~ tangible personal property of any kind, nature or description, at any time or place within the state of Iowa, outside the limits of any city in the state of Iowa,

or within the limits of any city in the state of Iowa that has not by ordinance provided for the licensing of transient merchants, unless such transient merchant has a valid license as provided in [this chapter](#) and has complied with the regulations set forth in [this chapter](#).

Sec. 41. [Section 9C.3](#), unnumbered paragraph 1, Code 2021, is amended to read as follows:

Any transient merchant desiring a transient merchant's license shall at least ten days prior to the first day any sale is made, file with the secretary of state of the state of Iowa an application in writing duly verified by the person, firm, corporation, partnership, or association proposing to sell or offer to sell at retail any ~~goods, wares, or merchandise~~ tangible personal property, or to engage in or conduct a temporary or intermittent business for the sale at retail of any ~~goods, wares, or merchandise~~ tangible personal property. The application shall state the following facts:

Sec. 42. [Section 9C.3, subsections 2, 5, 6, and 7](#), Code 2021, are amended to read as follows:

2. If the application be made by an agent, bailee, consignee, or employee, the application shall so state and set out the name and address of such agent, bailee, consignee, or employee and shall also set out the name and address of the owner of the ~~goods, wares, and merchandise~~ tangible personal property to be sold or offered for sale.

5. The value of the ~~goods~~ tangible personal property to be sold or offered for sale or the average inventory to be carried by any such transient merchant engaging in or conducting an intermittent or temporary business as the case may be.

6. The date or dates upon which said ~~goods, wares, or merchandise~~ tangible personal property shall be sold or offered for sale, or the date or dates upon which it is the intention of the applicant to engage in or conduct a temporary or intermittent business.

7. The location and address where such ~~goods, wares, or merchandise~~ tangible personal property shall be sold or offered for sale, or such business engaged in or conducted.

Sec. 43. [Section 9C.4, subsection 1](#), Code 2021, is amended to read as follows:

1. At the time and as part of filing the application, the applicant shall file with the secretary of state a bond, with sureties to be approved by the secretary of state, in a penal sum two times the value of the ~~goods, wares or merchandise~~ tangible personal property to be sold or offered for sale or the average inventory to be carried by such transient merchant engaged in or conducting an intermittent or temporary business as the case may be as shown by the application, running to the state of Iowa, for the use and benefit of any purchaser of any ~~merchandise~~ tangible personal property from such transient merchant who might have a cause of action of any nature arising from or out of such sale against the applicant or the owner of such ~~merchandise~~ property if other than the applicant. The bond shall be conditioned on the payment by the applicant of all taxes that may be payable by, or due from, the applicant to the state of Iowa or any subdivision thereof, and shall be further conditioned for the payment of any fines that may be assessed by any court against the applicant for violation of the provision of [this chapter](#), as well as for the payment and satisfaction of any and all causes of action against the applicant commenced within one year from the date of sale thereof, and arising from such sale. However, the aggregate liability of the surety for all such taxes, fines, and causes of action shall in no event exceed the principal sum of such bond.

Sec. 44. [Section 9C.6](#), Code 2021, is amended to read as follows:  
**9C.6 License fee.**

Prior to issuing the said transient merchant's license, the secretary of state shall collect for the state of Iowa a license fee in the sum of twenty-five dollars for each day the applicant, as shown by the application, shall propose to sell or offer for sale any ~~goods, wares or merchandise~~ tangible personal property, or for each day the applicant, as shown by the application, proposes to engage in and conduct a business as a transient merchant as the case may be.

Sec. 45. [Section 9C.7](#), Code 2021, is amended to read as follows:

**9C.7 Misrepresentation.**

It shall be unlawful for any transient merchant making sales or engaging in or conducting a business under a transient merchant's license to make any false or misleading statements or representation regarding any article sold or offered for sale by such transient merchant as to condition, quality, original cost, or cost to such transient merchant of any article sold or offered for sale or to sell or offer for sale ~~goods, wares or merchandise~~ tangible personal property of a value in excess of the value thereof as shown by said application, or to sell or offer for sale at retail any ~~goods, wares or merchandise~~ tangible personal property, or to engage in or conduct an intermittent or temporary business on any days or at any place other than those shown by such license.

Sec. 46. [Section 15.331A, subsection 1](#), Code 2021, is amended to read as follows:

1. The eligible business shall be entitled to a refund of the sales and use taxes paid under [chapter 423](#) for gas, electricity, water, or sewer utility services, ~~goods, wares, or merchandise~~ tangible personal property, or on services rendered, furnished, or performed to or for a contractor or subcontractor and used in the fulfillment of a written contract relating to the construction or equipping of a facility that is part of a project of the eligible business. Taxes attributable to intangible property and furniture and furnishings shall not be refunded. However, an eligible business shall be entitled to a refund for taxes attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center subject to [section 15.331C](#).

Sec. 47. [Section 15.331A, subsection 2](#), paragraphs a and b, Code 2021, are amended to read as follows:

a. The contractor or subcontractor shall state under oath, on forms provided by the department of revenue, the amount of the sales of ~~goods, wares, or merchandise~~ tangible personal property or services rendered, furnished, or performed including water, sewer, gas, and electric utility services upon which sales or use tax has been paid prior to the project completion, and shall file the forms with the eligible business before final settlement is made.

b. The eligible business shall, not more than one year after project completion, make application to the department of revenue for any refund of the amount of the sales and use taxes paid pursuant to [chapter 423](#) upon any ~~goods, wares, or merchandise~~ tangible personal property, or services rendered, furnished, or performed, including water, sewer, gas, and electric utility services. The application shall be made in the manner and upon forms to be provided by the department of revenue, and the department of revenue shall audit the claim and, if approved, issue a warrant to the eligible business in the amount of the sales or use tax which has been paid to the state of Iowa under a contract. A claim filed by the eligible business in accordance with [this section](#) shall not be denied by reason of a limitation provision set forth in [chapter 421](#) or [423](#).

Sec. 48. [Section 15.331C](#), Code 2021, is amended to read as follows:

**15.331C Corporate tax credit for certain sales taxes paid by third-party developer.**

1. An eligible business may claim a corporate tax credit in an amount equal to the sales and use taxes paid by a third-party developer under [chapter 423](#) for gas, electricity, water, or sewer utility services, ~~goods, wares, or merchandise~~ tangible personal property, or on services rendered, furnished, or performed to or for a contractor or subcontractor and used in the fulfillment of a written contract relating to the construction or equipping of a facility of the eligible business. Taxes attributable to intangible property and furniture and furnishings shall not be included, but taxes attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center shall be included. Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following seven years or until depleted, whichever occurs earlier. An eligible business may elect to receive a refund of all or a portion of an unused tax credit.

2. A third-party developer shall state under oath, on forms provided by the department of revenue, the amount of taxes paid as described in [subsection 1](#) and shall submit such forms to the department of revenue. The taxes paid shall be itemized to allow identification of the

taxes attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center. After receiving the form from the third-party developer, the department of revenue shall issue a tax credit certificate to the eligible business equal to the sales and use taxes paid by a third-party developer under [chapter 423](#) for gas, electricity, water, or sewer utility services, ~~goods, wares, or merchandise~~ tangible personal property, or on services rendered, furnished, or performed to or for a contractor or subcontractor and used in the fulfillment of a written contract relating to the construction or equipping of a facility. The department of revenue shall also issue a tax credit certificate to the eligible business equal to the taxes paid and attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center. The aggregate combined total amount of tax refunds under [section 15.331A](#) for taxes attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center and of tax credit certificates issued by the department of revenue for the taxes paid and attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center shall not exceed five hundred thousand dollars in a fiscal year. If an applicant for a tax credit certificate does not receive a certificate for the taxes paid and attributable to racks, shelving, and conveyor equipment to be used in a warehouse or distribution center, the application shall be considered in succeeding fiscal years. The eligible business shall not claim a tax credit under [this section](#) unless a tax credit certificate issued by the department of revenue is included with the taxpayer's tax return for the tax year for which the tax credit is claimed. A tax credit certificate shall contain the eligible business's name, address, tax identification number, the amount of the tax credit, and other information deemed necessary by the department of revenue.

Sec. 49. [Section 321.105A, subsection 3](#), paragraph f, subparagraph (1), Code 2021, is amended to read as follows:

(1) Vehicles leased to entities listed in [section 423.3, subsections 17, 18, 19, 20, 21, 22, 26, 27, 28, 31, and 79](#), to the extent that those entities are exempt from the tax imposed on the sale of tangible personal property, ~~consisting of goods, wares, or merchandise~~, sold at retail in the state to consumers or users.

Sec. 50. [Section 423.1, subsection 21](#), Code 2021, is amended by striking the subsection.

Sec. 51. [Section 423.1, subsection 50](#), Code 2021, is amended to read as follows:

50. *a.* "Sales" or "sale" means any transfer, exchange, or barter, conditional or otherwise, in any manner or by any means whatsoever, for consideration, including but not limited to any such transfer, exchange, or barter on a subscription basis.

*b.* "Sales" or "sale" includes a rental.

Sec. 52. [Section 423.2, subsection 1](#), unnumbered paragraph 1, Code 2021, is amended to read as follows:

There is imposed a tax of six percent upon the sales price of all sales of tangible personal property, ~~consisting of goods, wares, or merchandise~~, sold at retail in the state to consumers or users except as otherwise provided in [this subchapter](#).

Sec. 53. [Section 423.3, subsections 13, 46, 47A, 75, and 76](#), Code 2021, are amended to read as follows:

13. The sales price from the sale ~~or rental~~ of irrigation equipment, whether installed above or below ground, to a contractor or farmer if the equipment will be primarily used in agricultural operations.

46. The sales price from sales ~~or rentals~~ to a printer or publisher of the following: acetate; anti-halation backing; antistatic spray; back lining; base material used as a carrier for light sensitive emulsions; blankets; blow-ups; bronze powder; carbon tissue; codas; color filters; color separations; contacts; continuous tone separations; creative art; custom dies and die cutting materials; dampener sleeves; dampening solution; design and styling; diazo coating; dot etching; dot etching solutions; drawings; drawsheets; driers; duplicate films or prints; electronically digitized images; electrotypes; end product of image modulation; engravings; etch solutions; film; finished art or final art; fix; fixative spray; flats; flying pasters; foils; goldenrod paper; gum; halftones; illustrations; ink; ink paste; keylines; lacquer; lasering



images; layouts; lettering; line negatives and positives; linotypes; lithographic offset plates; magnesium and zinc etchings; masking paper; masks; masters; mats; mat service; metal toner; models and modeling; mylar; negatives; nonoffset spray; opaque film process paper; opaquing; padding compound; paper stock; photographic materials: acids, plastic film, desensitizer emulsion, exposure chemicals, fix, developers, and paper; photography, day rate; photopolymer coating; photographs; photostats; photo-display tape; phototypesetter materials; pH-indicator sticks; positives; press pack; printing cylinders; printing plates, all types; process lettering; proof paper; proofs and proof processes, all types; pumice powder; purchased author alterations; purchased composition; purchased phototypesetting; purchased stripping and pasteups; red litho tape; reducers; roller covering; screen tints; sketches; stepped plates; stereotypes; strip types; substrate; tints; tissue overlays; toners; transparencies; tympan; typesetting; typography; varnishes; veloxes; wood mounts; and any other items used in a like capacity to any of the above enumerated items by the printer or publisher to complete a finished product for sale at retail. Expendable tools and supplies which are not enumerated in [this subsection](#) are excluded from the exemption. “Printer” means that portion of a person’s business engaged in printing that completes a finished product for ultimate sale at retail or means that portion of a person’s business used to complete a finished printed packaging material used to package a product for ultimate sale at retail. “Printer” does not mean an in-house printer who prints or copyrights its own materials.

47A. The sales price from the sale ~~or rental~~ of central office equipment or transmission equipment primarily used by local exchange carriers and competitive local exchange service providers as defined in [section 476.96, Code 2017](#); by franchised cable television operators, mutual companies, municipal utilities, cooperatives, and companies furnishing communications services that are not subject to rate regulation as provided in [chapter 476](#); by long distance companies as defined in [section 477.10](#); or for a commercial mobile radio service as defined in [47 C.F.R. §20.3](#) in the furnishing of telecommunications services on a commercial basis. For the purposes of [this subsection](#), “central office equipment” means equipment utilized in the initiating, processing, amplifying, switching, or monitoring of telecommunications services. “Transmission equipment” means equipment utilized in the process of sending information from one location to another location. “Central office equipment” and “transmission equipment” also include ancillary equipment and apparatus which support, regulate, control, repair, test, or enable such equipment to accomplish its function.

75. The sales price from the sale ~~or rental~~ of aircraft; the sale ~~or rental~~ of tangible personal property permanently affixed or attached as a component part of the aircraft, including but not limited to repair or replacement materials or parts; and the sales price of all services used for aircraft repair, remodeling, and maintenance services when such services are performed on aircraft, aircraft engines, or aircraft component materials or parts. For the purposes of this exemption, “aircraft” means aircraft used in a scheduled interstate federal aviation administration certificated air carrier operation.

76. The sales price from the sale ~~or rental~~ of tangible personal property permanently affixed or attached as a component part of the aircraft, including but not limited to repair or replacement materials or parts; and the sales price of all services used for aircraft repair, remodeling, and maintenance services when such services are performed on aircraft, aircraft engines, or aircraft component materials or parts. For the purposes of this exemption, “aircraft” means aircraft used in nonscheduled interstate federal aviation administration certificated air carrier operation operating under [14 C.F.R. ch. 1, pt. 135](#).

Sec. 54. [Section 423.3, subsection 47](#), paragraph a, unnumbered paragraph 1, Code 2021, is amended to read as follows:

The sales price from the sale ~~or rental~~ of computers, computer peripherals, machinery, equipment, replacement parts, supplies, and materials used to construct or self-construct computers, computer peripherals, machinery, equipment, replacement parts, and supplies, if such items are any of the following:

Sec. 55. [Section 423.3, subsection 47](#), paragraph c, unnumbered paragraph 1, Code 2021, is amended to read as follows:

The sales price from the sale ~~or rental~~ of the following shall not be exempt from the tax imposed by [this subchapter](#):

Sec. 56. [Section 423.3, subsection 60](#), unnumbered paragraph 1, Code 2021, is amended to read as follows:

The sales price from the sale ~~or rental~~ of prescription drugs, durable medical equipment, mobility enhancing equipment, prosthetic devices, and other medical devices intended for human use or consumption. For the purposes of [this subsection](#):

Sec. 57. [Section 423.3, subsection 78](#), paragraphs a and c, Code 2021, are amended to read as follows:

a. The sales price from the sale of tangible personal property, specified digital products, or services rendered by any entity where the profits from the sale of the tangible personal property, specified digital products, or services rendered, are used by or donated to a nonprofit entity that is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code, a government entity, or a nonprofit private educational institution, and where the entire ~~proceeds from the sale or services~~ profits are expended for any of the following purposes:

(1) Educational.

(2) Religious.

(3) Charitable. A charitable act is an act done out of goodwill, benevolence, and a desire to add to or to improve the good of humankind in general or any class or portion of humankind, with no pecuniary profit inuring to the person performing the service or giving the gift.

c. Except as otherwise provided in [subsection 97](#), this exemption does not apply to the sales price from games of skill, games of chance, raffles, and bingo games as defined in [chapter 99B](#). This exemption is disallowed on the amount of the sales price only to the extent the ~~profits from the sales, rental, or services~~ are not used by or donated to the appropriate entity and expended for educational, religious, or charitable purposes.

Sec. 58. [Section 423.3, subsection 82](#), paragraph a, Code 2021, is amended to read as follows:

a. The sales price from the sale ~~or rental~~ of core-making, mold-making, and sand-handling machinery and equipment, including replacement parts, directly and primarily used in the mold-making process by a foundry.

Sec. 59. [Section 423.3, subsection 88](#), Code 2021, is amended to read as follows:

88. The sales price from the sale of building materials, supplies, ~~goods, wares, or merchandise~~ tangible personal property sold to a nonprofit Iowa affiliate of a nonprofit international organization whose primary activity is the promotion of the construction, remodeling, or rehabilitation of one-family or two-family dwellings for use by low-income families and where the building materials, supplies, ~~goods, wares, or merchandise~~ or tangible personal property are used in the construction, remodeling, or rehabilitation of such dwellings.

Sec. 60. [Section 423.3, subsection 89](#), paragraphs a and b, Code 2021, are amended to read as follows:

a. The sales price of all ~~goods, wares, or merchandise~~ tangible personal property sold, or of services furnished, which are used in the fulfillment of a written construction contract for the original construction of a building or structure to be used as a collaborative educational facility.

b. The sales price of all ~~goods, wares, or merchandise~~ tangible personal property sold, or of services furnished, which are used in the fulfillment of a written construction contract for the construction of additions or modifications to a building or structure used as part of a collaborative educational facility.

Sec. 61. [Section 423.3, subsection 92](#), paragraph a, subparagraph (1), Code 2021, is amended to read as follows:

(1) The sales price from the sale ~~or rental~~ of computers and equipment that are necessary for the maintenance and operation of a web search portal and property whether directly or indirectly connected to the computers, including but not limited to cooling systems, cooling towers, and other temperature control infrastructure; power infrastructure for transformation, distribution, or management of electricity used for the maintenance and operation of the web search portal, including but not limited to exterior dedicated business-owned substations, backup power generation systems, battery systems, and related infrastructure; and racking systems, cabling, and trays, which are necessary for the maintenance and operation of the web search portal.

Sec. 62. [Section 423.3, subsection 92](#), paragraph b, subparagraph (1), Code 2021, is amended to read as follows:

(1) The business of the purchaser ~~or renter~~ shall be as a provider of a web search portal.

Sec. 63. [Section 423.3, subsection 92](#), paragraph d, Code 2021, is amended to read as follows:

d. Failure to meet eighty percent of the minimum investment amount requirement specified in paragraph “b” within the first six years of operation from the date the web search portal business initiates site preparation activities will result in the web search portal business losing the right to claim this exemption and the web search portal business shall pay all sales or use tax that would have been due on the purchase ~~or rental~~ or use of the items listed in this exemption, plus any applicable penalty and interest imposed by statute.

Sec. 64. [Section 423.3, subsection 93](#), paragraph a, subparagraph (1), Code 2021, is amended to read as follows:

(1) The sales price from the sale ~~or rental~~ of computers and equipment that are necessary for the maintenance and operation of a web search portal business and property whether directly or indirectly connected to the computers, including but not limited to cooling systems, cooling towers, and other temperature control infrastructure; power infrastructure for transformation, distribution, or management of electricity used for the maintenance and operation of the web search portal business, including but not limited to exterior dedicated business-owned substations, backup power generation systems, battery systems, and related infrastructure; and racking systems, cabling, and trays, which are necessary for the maintenance and operation of the web search portal business.

Sec. 65. [Section 423.3, subsection 93](#), paragraph b, subparagraph (1), Code 2021, is amended to read as follows:

(1) The purchaser ~~or renter~~ shall be a web search portal business.

Sec. 66. [Section 423.3, subsection 93](#), paragraph d, Code 2021, is amended to read as follows:

d. Failure to meet eighty percent of the minimum investment amount requirement specified in paragraph “b” within the first six years of operation from the date the web search portal business initiates site preparation activities will result in the web search portal business losing the right to claim this web search portal business exemption and the web search portal business shall pay all sales or use tax that would have been due on the purchase ~~or rental~~ or use of the items listed in this exemption, plus any applicable penalty and interest imposed by statute.

Sec. 67. [Section 423.3, subsection 95](#), paragraph a, subparagraph (1), Code 2021, is amended to read as follows:

(1) The sales price from the sale ~~or rental~~ of computers and equipment that are necessary for the maintenance and operation of a data center business and property whether directly or indirectly connected to the computers, including but not limited to cooling systems, cooling towers, and other temperature control infrastructure; power infrastructure for transformation, distribution, or management of electricity used for the maintenance and

operation of the data center business, including but not limited to exterior dedicated business-owned substations, backup power generation systems, battery systems, and related infrastructure; and racking systems, cabling, and trays, which are necessary for the maintenance and operation of the data center business.

Sec. 68. [Section 423.3, subsection 95](#), paragraph b, subparagraph (1), Code 2021, is amended to read as follows:

(1) The purchaser ~~or renter~~ shall be a data center business.

Sec. 69. [Section 423.3, subsection 95](#), paragraph d, Code 2021, is amended to read as follows:

d. Failure to meet eighty percent of the minimum investment amount requirement specified in paragraph “b” within the first six years of operation from the date the data center business initiates site preparation activities will result in the data center business losing the right to claim this data center business exemption and the data center business shall pay all sales or use tax that would have been due on the purchase ~~or rental~~ or use of the items listed in this exemption, plus any applicable penalty and interest imposed by statute.

Sec. 70. [Section 423.4, subsection 1](#), paragraph b, subparagraph (3), Code 2021, is amended to read as follows:

(3) The building materials, supplies, equipment, or services furnished are not used in the performance of any contract in connection with the operation of any municipal utility engaged in selling gas, electricity, or heat to the general public or in connection with the operation of a municipal pay television system; and are not used in the performance of a contract for a “~~project~~” “project” under [chapter 419](#) as defined in that chapter other than ~~goods, wares, or merchandise~~ building materials, supplies, or equipment used in the performance of a contract for a “~~project~~” “project” under [chapter 419](#) for which a bond issue was approved by a municipality prior to July 1, 1968, or for which the ~~goods, wares, or merchandise~~ building materials, supplies, or equipment becomes an integral part of the project under contract and at the completion of the project becomes public property or is devoted to educational uses.

Sec. 71. [Section 423.4, subsection 1](#), paragraph c, Code 2021, is amended to read as follows:

c. A contractor shall state under oath, on forms provided by the department, the amount of such sales of ~~goods, wares, or merchandise~~ building materials, supplies, or equipment, or services furnished and used in the performance of such contract, and upon which sales or use tax has been paid, and shall file such forms with the designated exempt entity which has made any written contract for performance by the contractor. The forms shall be filed by the contractor with the designated exempt entity before final settlement is made.

Sec. 72. [Section 423.31, subsection 4](#), Code 2021, is amended to read as follows:

4. Every retailer at the time of making any return required by [this section](#) shall compute and pay to the department the tax due for the preceding period. The tax on sales prices from the sale ~~or rental~~ of tangible personal property under a consumer rental purchase agreement as defined in [section 537.3604, subsection 8](#), is payable in the tax period of receipt.

Sec. 73. [Section 423B.8, subsection 1](#), Code 2021, is amended to read as follows:

1. Construction contractors may make application to the department for a refund of the additional local sales and services tax paid under [this chapter](#) by reason of taxes paid on ~~goods, wares, or merchandise~~ building materials, supplies, or equipment under the following conditions:

a. The ~~goods, wares, or merchandise~~ building materials, supplies, or equipment are incorporated into an improvement to real estate in fulfillment of a written contract fully executed prior to the date of the imposition of a local sales and services tax under [this chapter](#). The refund shall not apply to equipment transferred in fulfillment of a mixed construction contract.

b. The contractor has paid to the department or to a retailer the full amount of the state and local tax.

c. The claim is filed on forms provided by the department and is filed within one year of the date the tax is paid.

DIVISION XI  
INTEREST RATE SET BY DIRECTOR OF REVENUE

Sec. 74. [Section 421.7, subsection 6](#), Code 2021, is amended to read as follows:

6. In ~~October~~ November of each year the director shall cause an advisory notice to be published in the Iowa administrative bulletin and in a newspaper of general circulation in this state, stating the rate of interest to be in effect on or after January 1 of the following year, as established by [this section](#). The calculation and publication of the rate of interest by the director is exempt from [chapter 17A](#).

DIVISION XII  
ASSESSORS

Sec. 75. [Section 441.6, subsection 3](#), Code 2021, is amended to read as follows:

3. The appointee selected by the conference board under [subsection 2](#) or appointed to a succeeding term under [section 441.8, subsection 1](#), shall not assume the office of city or county assessor until such appointment is confirmed by the director of revenue. If the director of revenue rejects the appointment, the examining board shall conduct a new examination and submit a new report to the conference board under [subsection 1](#). The director of revenue shall adopt rules pursuant to [chapter 17A](#) to implement and administer [this subsection](#).

Sec. 76. [Section 441.17, subsection 2](#), Code 2021, is amended to read as follows:

2. Cause to be assessed, in accordance with [section 441.21](#), all the property in the assessor's county or city, except property exempt from taxation, or the assessment of which is otherwise provided for by law. However, an assessor or deputy assessor shall not personally assess a property if the person ~~or a member of the person's immediate family~~ owns the property, has a financial interest in the property, or has a financial interest in the entity that owns the property. The director of revenue shall adopt rules pursuant to [chapter 17A](#) to implement and administer [this subsection](#).

Sec. 77. [Section 441.41](#), Code 2021, is amended to read as follows:

**441.41 Legal counsel.**

1. In the case of cities having an assessor, the city legal department shall represent the assessor and board of review in all litigation dealing with assessments. In the case of counties, the county attorney shall represent the assessor and board of review in all litigation dealing with assessments. Any taxing district interested in the taxes received from such assessments may be represented by an attorney and shall be required to appear by attorney upon written request of the assessor to the presiding officer of any such taxing district. Subject to review and prior approval by either the city legal department in the case of a city or the county attorney in the case of a county, the conference board may employ special counsel to assist the city legal department or county attorney as the case may be.

2. a. Upon the employment of special counsel described in [subsection 1](#), the assessor shall provide a report to the department of revenue relating to the special counsel including but not limited to the following:

- (1) The date the employment started.
- (2) Justification for the employment.
- (3) The name and hourly rate of the special counsel.
- (4) Any other information the department may require.

b. An assessor shall report annually to the director of revenue on the cost of litigation for all matters dealing with assessments in which special counsel assisted the city legal department or county attorney as described in [subsection 1](#).

c. The director of revenue shall adopt rules pursuant to [chapter 17A](#) to administer [this section](#).



DIVISION XIII  
CONFIDENTIAL INFORMATION — DEPARTMENT OF REVENUE

Sec. 78. [Section 422.20, subsection 5](#), paragraph a, Code 2021, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (7) A return as defined in [section 421.6](#).

Sec. 79. [Section 422.20, subsection 5](#), paragraph c, Code 2021, is amended to read as follows:

c. Notwithstanding paragraph “a”, when making final orders, decisions, or opinions available for public inspection, the department may disclose the items in paragraph “a” if the department determines such information is relevant or necessary to the resolution or decision of the appeal or case.

Sec. 80. [Section 422.72, subsection 8](#), paragraph a, Code 2021, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (7) A return as defined in [section 421.6](#).

Sec. 81. [Section 422.72, subsection 8](#), paragraph c, Code 2021, is amended to read as follows:

c. Notwithstanding paragraph “a”, when making final orders, decisions, or opinions available for public inspection, the department may disclose the items in paragraph “a” if the department determines such information is relevant or necessary to the resolution or decision of the appeal or case.

DIVISION XIV  
POWER OF ATTORNEY — DEPARTMENT OF REVENUE

Sec. 82. [Section 421.59, subsections 2 and 3](#), Code 2021, are amended to read as follows:

2. ~~The~~ Unless otherwise prohibited by law, the department may authorize the following persons to ~~act and receive information on behalf of and~~ exercise all of the rights of a taxpayer, regardless of whether a power of attorney has been filed pursuant to [subsection 1](#):

a. A guardian, conservator, or custodian appointed by a court, if a taxpayer has been deemed legally incompetent by a court. The authority of the appointee to act on behalf of the taxpayer shall be limited to the extent specifically stated in the order of appointment.

(1) Upon request, a guardian, conservator, or custodian of a taxpayer shall submit to the department a copy of the court order appointing the guardian, conservator, or custodian.

(2) The department ~~may~~ has standing to petition the court that appointed the guardian, conservator, or custodian to verify the appointment or to determine the scope of the appointment.

b. A receiver appointed pursuant to [chapter 680](#). An appointed receiver shall be limited to act on behalf of the taxpayer by the authority stated in the order of appointment.

(1) Upon the request of the department, a receiver shall submit to the department a copy of the court order appointing the receiver.

(2) The department ~~may~~ has standing to petition the court that appointed the receiver to verify the appointment or to determine the scope of the appointment.

c. An individual who has been named as an authorized representative on a fiduciary return of income filed under [section 422.14](#) or a tax return filed under [chapter 450](#).

d. (1) An individual holding the following title or position within a corporation, association, partnership, or other ~~business~~ entity:

(a) A president or chief executive officer, or any other officer of the corporation or association if the president or chief executive officer certifies that the officer has the authority to legally bind the corporation or association.

(b) A designated partner duly authorized to act on behalf of the partnership.

(c) A person authorized to act on behalf of a limited liability company in tax matters pursuant to a valid statement of authority.

(2) An individual seeking to act on behalf of a taxpayer pursuant to this paragraph shall ~~file an affidavit with the department attesting to the identity and qualifications of the individual~~

~~and any necessary certifications required under this paragraph~~ affirm the authority of the individual to act on behalf of the corporation, association, partnership, or other entity in a manner designated by the department. The department may require ~~any documents or other evidence~~ to demonstrate the individual has authority to act on behalf of the taxpayer corporation, association, partnership, or other entity before the department.

e. A licensed attorney who has appeared on behalf of the taxpayer or the taxpayer's probate estate in a court proceeding. Authorization under this paragraph is limited to those matters within the scope of the representation.

f. A parent or guardian of a taxpayer who has not reached the age of majority where the same parent or guardian has signed the taxpayer's return on behalf of the taxpayer. Authorization under this paragraph is limited to those matters relating to the return signed by the parent or guardian. Authorization under this paragraph automatically terminates when the taxpayer reaches the age of majority pursuant to [section 599.1](#).

g. A representative of a government entity. An individual seeking to act on behalf of a government entity pursuant to this paragraph shall affirm the authority of the individual to act on behalf of the government entity in a manner designated by the department. The department may require evidence to demonstrate the individual has authority to act on behalf of the government entity.

h. An executor or personal representative of an estate.

(1) Upon request, the executor or personal representative shall submit to the department a copy of the will or court order appointing the executor or personal representative.

(2) The department has standing to petition the court that appointed the executor or personal representative to verify the appointment or to determine the scope of the appointment.

3. a. In lieu of executing a power of attorney pursuant to [subsection 1](#), the department may enter into a memorandum of understanding with the ~~allow a taxpayer for each employee, officer, or member of a third party to designate an~~ entity engaged with or otherwise hired by a taxpayer to manage the tax matters of the taxpayer, to permit the disclosure of confidential tax information to the third-party entity and the authority to act on behalf of the taxpayer. An entity so designated may appoint or remove its own employees to carry out acts authorized by the taxpayer on the entity's behalf. The memorandum of understanding shall adhere to requirements as established by the director department may designate the methods by which such designation and appointments may occur.

b. ~~The memorandum of understanding shall be signed by the director, the taxpayer, and the third-party entity or an authorized representative of the third-party entity.~~

e. At any time, a taxpayer may unilaterally revoke a memorandum of understanding entered into designation pursuant to [this subsection](#) by filing a notice of revocation with the department. Upon the filing of such a revocation by the taxpayer, the department shall cease honoring the memorandum of understanding designation.

#### DIVISION XV SALES AND USE TAX REFUNDS

Sec. 83. [Section 15.331A, subsection 2](#), paragraph c, Code 2021, is amended to read as follows:

c. The eligible business shall inform the department of revenue in writing ~~within two weeks of~~ after project completion. For purposes of [this section](#), "project completion" means the first date upon which the average annualized production of finished product for the preceding ninety-day period at the manufacturing facility operated by the eligible business is at least fifty percent of the initial design capacity of the facility.

Sec. 84. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 85. APPLICABILITY. This division of this Act applies to refund claims filed on or after the effective date of this division of this Act.

Approved May 10, 2021