

Harper, McKibben, Miller

SSB 3158

Succeeded By
SF/HF 2305

Ways + Means

SENATE/HOUSE FILE _____

BY (PROPOSED DEPARTMENT OF

REVENUE AND FINANCE BILL)

Passed Senate, Date _____

Passed House, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the administration of the tax and related laws
2 by the department of revenue and finance, including
3 administration of state individual income, corporate income,
4 sales and use, property, motor fuel, and special fuel.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 331.401, subsection 1, paragraph k,
2 Code 2001, is amended to read as follows:

3 k. Levy taxes as certified to it by tax-certifying bodies
4 in the county, in accordance with the statutes authorizing the
5 levies and in accordance with chapter 24 and sections 444.1 to
6 444.8, and levy taxes as required in chapters 430A, 433, 434,
7 ~~436~~ 437, and 438.

8 Sec. 2. Section 331.512, subsection 8, Code 2001, is
9 amended by striking the subsection.

10 Sec. 3. Section 420.207, Code 2001, is amended to read as
11 follows:

12 420.207 TAXATION IN GENERAL.

13 Sections 426A.11 through 426A.15, 427.1, 427.8 to 427.11,
14 428.4, 428.20, 428.22, 428.23, ~~436-107-436-117~~ 437.1, 437.3,
15 441.21, 443.1 to 443.3, 444.2 to 444.5, and 447.9 to 447.13,
16 so far as applicable, apply to cities acting under special
17 charters.

18 Sec. 4. Section 422.7, subsection 4, Code Supplement 2001,
19 is amended to read as follows:

20 4. Subtract ~~installment~~ payments received by a beneficiary
21 under an annuity which was purchased under an employee's
22 pension or retirement plan when the commuted value of ~~said~~ the
23 installments has been included as a part of the decedent
24 employee's estate for Iowa inheritance tax purposes.

25 Sec. 5. Section 422.25, subsection 5, Code 2001, is
26 amended to read as follows:

27 5. A person or withholding agent required to supply
28 information, to pay tax, or to make, sign, or file a
29 ~~semimonthly, monthly, or quarterly~~ deposit form or return or
30 ~~supplemental return~~ required by this division, who willfully
31 makes a false or fraudulent ~~semimonthly, monthly, or quarterly~~
32 deposit form or return, or willfully fails to pay the tax,
33 supply the information, or make, sign, or file the
34 ~~semimonthly, monthly, or quarterly~~ deposit form or return, at
35 the time or times required by law, is guilty of a fraudulent

1 practice.

2 Sec. 6. Section 422.43, subsection 11, unnumbered
3 paragraph 1, Code Supplement 2001, is amended to read as
4 follows:

5 The following enumerated services are subject to the tax
6 imposed on gross taxable services: alteration and garment
7 repair; armored car; vehicle repair; battery, tire, and
8 allied; investment counseling; service charges of all
9 financial institutions; barber and beauty; boat repair;
10 vehicle wash and wax; carpentry; roof, shingle, and glass
11 repair; dance schools and dance studios; dating services; dry
12 cleaning, pressing, dyeing, and laundering; electrical and
13 electronic repair and installation; rental of tangible
14 personal property, except manufactured or mobile homes which
15 are tangible personal property; excavating and grading; farm
16 implement repair of all kinds; flying service; furniture, rug,
17 upholstery repair and cleaning; fur storage and repair; golf
18 and country clubs and all commercial recreation; house and
19 building moving; household appliance, television, and radio
20 repair; jewelry and watch repair; limousine service, including
21 driver; machine operator; machine repair of all kinds; motor
22 repair; motorcycle, scooter, and bicycle repair; oilers and
23 lubricators; office and business machine repair; painting,
24 papering, and interior decorating; parking facilities; pipe
25 fitting and plumbing; wood preparation; licensed executive
26 search agencies; private employment agencies, excluding
27 services for placing a person in employment where the
28 principal place of employment of that person is to be located
29 outside of the state; sewage services for nonresidential
30 commercial operations; sewing and stitching; shoe repair and
31 shoeshine; sign construction and installation; storage of
32 household goods, mini-storage, and warehousing of raw
33 agricultural products; swimming pool cleaning and maintenance;
34 taxidermy services; telephone answering service; test
35 laboratories, including mobile testing laboratories and field

1 testing by testing laboratories, and excluding tests on humans
2 or animals; termite, bug, roach, and pest eradicators; tin and
3 sheet metal repair; turkish baths, massage, and reducing
4 salons, excluding services provided by massage therapists
5 licensed under chapter 152C; weighing; welding; well drilling;
6 wrapping, packing, and packaging of merchandise other than
7 processed meat, fish, fowl, and vegetables; wrecking service;
8 wrecker and towing; pay television; campgrounds; carpet and
9 upholstery cleaning; gun and camera repair; janitorial and
10 building maintenance or cleaning; lawn care, landscaping, and
11 tree trimming and removal; pet grooming; reflexology; security
12 and detective services; tanning beds or salons; and water
13 conditioning and softening.

14 Sec. 7. Section 422.45, subsection 3, unnumbered paragraph
15 1, Code Supplement 2001, is amended to read as follows:

16 The gross receipts from sales or rental of tangible
17 personal property, or services rendered by any entity where
18 the profits from the sales or rental of the tangible personal
19 property or services rendered are used by or donated to a
20 nonprofit entity which is exempt from federal income taxation
21 pursuant to section 501(c)(3) of the Internal Revenue Code, a
22 government entity, or a nonprofit private educational
23 institution, and where the entire proceeds from the sales,
24 rental, or services are expended for any of the following
25 purposes:

26 Sec. 8. Section 422.51, subsection 5, Code 2001, is
27 amended by adding the following new unnumbered paragraph:

28 NEW UNNUMBERED PARAGRAPH. A business required to file a
29 consolidated sales tax return shall file a form entitled
30 "schedule of consolidated business locations" with its
31 quarterly sales tax return that shows the taxpayer's
32 consolidated permit number, the permit number for each Iowa
33 business location, the state sales tax amount by business
34 location, and the amount of state sales tax due on goods
35 consumed that are not assigned to a specific business

1 location. Consolidated quarterly sales tax returns that are
2 not accompanied by the schedule of consolidated business
3 locations form are considered incomplete and are subject to
4 penalty under section 421.27.

5 Sec. 9. Section 423.14, Code 2001, is amended to read as
6 follows:

7 423.14 LIABILITY OF USER.

8 Any person who uses any property or services enumerated in
9 section 422.43 upon which the tax herein imposed under this
10 chapter has not been paid, either to the county treasurer or
11 to a retailer or direct to the department as herein provided
12 in this chapter, shall be liable therefor for the payment of
13 tax, and shall on or before the last day of the month next
14 succeeding each quarterly period pay the tax herein imposed
15 upon all such property and services used by the person during
16 the preceding quarterly period in such the manner and
17 accompanied by such returns as the director shall prescribe.
18 All of the provisions of section 423.13 with reference to such
19 the returns and payments shall be applicable to the returns
20 and payments herein required under this section.

21 Sec. 10. Section 427A.1, subsection 1, paragraph h, Code
22 Supplement 2001, is amended to read as follows:

23 h. Property assessed by the department of revenue and
24 finance pursuant to sections 428.24 to 428.29, or chapters
25 433, 434, 437, 437A, and ~~436-to~~ 438.

26 Sec. 11. Section 427B.17, subsection 5, unnumbered
27 paragraph 1, Code 2001, is amended to read as follows:

28 This section shall not apply to property assessed by the
29 department of revenue and finance pursuant to sections 428.24
30 to 428.29, or chapters 433, 434, 437, 437A, and ~~436-to~~ 438,
31 and such property shall not receive the benefits of this
32 section.

33 Sec. 12. Section 429.1, Code 2001, is amended to read as
34 follows:

35 429.1 NOTICE OF ASSESSMENT.

1 The director of revenue and finance shall, at the time of
2 making the assessment of property as provided in chapters 428,
3 433, 434, ~~436~~ 437, and 438, inform the person assessed, by
4 mail, of the valuation put upon the taxpayer's property. The
5 notice shall contain a notice of the taxpayer's right of
6 appeal to the state board of tax review as provided in section
7 429.2.

8 Sec. 13. Section 441.21, subsections 5, 9, and 10, Code
9 Supplement 2001, are amended to read as follows:

10 5. For valuations established as of January 1, 1979,
11 commercial property and industrial property, excluding
12 properties referred to in section 427A.1, subsection 7, shall
13 be assessed as a percentage of the actual value of each class
14 of property. The percentage shall be determined for each
15 class of property by the director of revenue for the state in
16 accordance with the provisions of this section. For
17 valuations established as of January 1, 1979, the percentage
18 shall be the quotient of the dividend and divisor as defined
19 in this section. The dividend for each class of property
20 shall be the total actual valuation for each class of property
21 established for 1978, plus six percent of the amount so
22 determined. The divisor for each class of property shall be
23 the valuation for each class of property established for 1978,
24 as reported by the assessors on the abstracts of assessment
25 for 1978, plus the amount of value added to the total actual
26 value by the revaluation of existing properties in 1979 as
27 equalized by the director of revenue pursuant to section
28 441.49. For valuations established as of January 1, 1979,
29 property valued by the department of revenue pursuant to
30 chapters 428, 433, ~~436~~ 437, and 438 shall be considered as
31 one class of property and shall be assessed as a percentage of
32 its actual value. The percentage shall be determined by the
33 director of revenue in accordance with the provisions of this
34 section. For valuations established as of January 1, 1979,
35 the percentage shall be the quotient of the dividend and

1 divisor as defined in this section. The dividend shall be the
2 total actual valuation established for 1978 by the department
3 of revenue, plus ten percent of the amount so determined. The
4 divisor for property valued by the department of revenue
5 pursuant to chapters 428, 433, ~~436~~ 437, and 438 shall be the
6 valuation established for 1978, plus the amount of value added
7 to the total actual value by the revaluation of the property
8 by the department of revenue as of January 1, 1979. For
9 valuations established as of January 1, 1980, commercial
10 property and industrial property, excluding properties
11 referred to in section 427A.1, subsection 7, shall be assessed
12 at a percentage of the actual value of each class of property.
13 The percentage shall be determined for each class of property
14 by the director of revenue for the state in accordance with
15 the provisions of this section. For valuations established as
16 of January 1, 1980, the percentage shall be the quotient of
17 the dividend and divisor as defined in this section. The
18 dividend for each class of property shall be the dividend as
19 determined for each class of property for valuations
20 established as of January 1, 1979, adjusted by the product
21 obtained by multiplying the percentage determined for that
22 year by the amount of any additions or deletions to actual
23 value, excluding those resulting from the revaluation of
24 existing properties, as reported by the assessors on the
25 abstracts of assessment for 1979, plus four percent of the
26 amount so determined. The divisor for each class of property
27 shall be the total actual value of all such property in 1979,
28 as equalized by the director of revenue pursuant to section
29 441.49, plus the amount of value added to the total actual
30 value by the revaluation of existing properties in 1980. The
31 director shall utilize information reported on the abstracts
32 of assessment submitted pursuant to section 441.45 in
33 determining such percentage. For valuations established as of
34 January 1, 1980, property valued by the department of revenue
35 pursuant to chapters 428, 433, ~~436~~ 437, and 438 shall be

1 assessed at a percentage of its actual value. The percentage
2 shall be determined by the director of revenue in accordance
3 with the provisions of this section. For valuations
4 established as of January 1, 1980, the percentage shall be the
5 quotient of the dividend and divisor as defined in this
6 section. The dividend shall be the total actual valuation
7 established for 1979 by the department of revenue, plus eight
8 percent of the amount so determined. The divisor for property
9 valued by the department of revenue pursuant to chapters 428,
10 433, ~~436~~, 437, and 438 shall be the valuation established for
11 1979, plus the amount of value added to the total actual value
12 by the revaluation of the property by the department of
13 revenue as of January 1, 1980. For valuations established as
14 of January 1, 1981, and each year thereafter, the percentage
15 of actual value as equalized by the director of revenue and
16 finance as provided in section 441.49 at which commercial
17 property and industrial property, excluding properties
18 referred to in section 427A.1, subsection 7, shall be assessed
19 shall be calculated in accordance with the methods provided
20 herein, except that any references to six percent in this
21 subsection shall be four percent. For valuations established
22 as of January 1, 1981, and each year thereafter, the
23 percentage of actual value at which property valued by the
24 department of revenue and finance pursuant to chapters 428,
25 433, ~~436~~, 437, and 438 shall be assessed shall be calculated
26 in accordance with the methods provided herein, except that
27 any references to ten percent in this subsection shall be
28 eight percent. Beginning with valuations established as of
29 January 1, 1979, and each year thereafter, property valued by
30 the department of revenue and finance pursuant to chapter 434
31 shall also be assessed at a percentage of its actual value
32 which percentage shall be equal to the percentage determined
33 by the director of revenue and finance for commercial
34 property, industrial property, or property valued by the
35 department of revenue and finance pursuant to chapters 428,

1 433, ~~436~~ 437, and 438, whichever is lowest.
 2 9. Not later than November 1, 1979, and November 1 of each
 3 subsequent year, the director shall certify to the county
 4 auditor of each county the percentages of actual value at
 5 which residential property, agricultural property, commercial
 6 property, industrial property, and property valued by the
 7 department of revenue and finance pursuant to chapters 428,
 8 433, 434, ~~436~~ 437, and 438 in each assessing jurisdiction in
 9 the county shall be assessed for taxation. The county auditor
 10 shall proceed to determine the assessed values of agricultural
 11 property, residential property, commercial property,
 12 industrial property, and property valued by the department of
 13 revenue and finance pursuant to chapters 428, 433, 434, ~~436~~
 14 437, and 438 by applying such percentages to the current
 15 actual value of such property, as reported to the county
 16 auditor by the assessor, and the assessed values so determined
 17 shall be the taxable values of such properties upon which the
 18 levy shall be made.

19 10. The percentage of actual value computed by the
 20 director for agricultural property, residential property,
 21 commercial property, industrial property and property valued
 22 by the department of revenue and finance pursuant to chapters
 23 428, 433, 434, ~~436~~ 437, and 438 and used to determine
 24 assessed values of those classes of property does not
 25 constitute a rule as defined in section 17A.2, subsection 11.

26 Sec. 14. Section 441.73, subsection 1, Code 2001, is
 27 amended to read as follows:

28 1. A litigation expense fund is created in the state
 29 treasury. The litigation expense fund shall be used for the
 30 payment of litigation expenses incurred by the state to defend
 31 property valuations established by the director of revenue and
 32 finance pursuant to section 428.24 and chapters 430A, 433,
 33 434, ~~436~~ 437, 437A, and 438, and for the payment of
 34 litigation expenses incurred by the state to defend the
 35 imposition of replacement taxes and statewide property taxes

1 under chapter 437A.

2 Sec. 15. Section 452A.3, subsection 3, Code Supplement
3 2001, is amended to read as follows:

4 3. For the privilege of operating motor vehicles or
5 aircraft in this state, there is imposed an excise tax on the
6 use of special fuel in a motor vehicle or aircraft. The tax
7 rate on special fuel for diesel engines of motor vehicles is
8 twenty-two and one-half cents per gallon. The rate of tax on
9 special fuel for aircraft is three cents per gallon. On all
10 other special fuel, unless otherwise specified in this
11 section, the per gallon rate is the same as the motor fuel
12 tax. Indelible dye meeting United States environmental
13 protection agency and internal revenue service regulations
14 must be added to fuel before or upon withdrawal at a terminal
15 or refinery rack for that fuel to be exempt from tax and the
16 dyed fuel may be used only for an exempt purpose.

17 Sec. 16. Section 452A.3, Code Supplement 2001, is amended
18 by adding the following new subsection:

19 NEW SUBSECTION. 3A. For liquefied petroleum gas used as a
20 special fuel, the rate of tax shall be twenty cents per
21 gallon.

22 Sec. 17. Section 452A.15, Code 2001, is amended by adding
23 the following new subsection:

24 NEW SUBSECTION. 4. The director may require by rule that
25 reports be filed by electronic transmission.

26 Sec. 18. Section 452A.17, subsection 3, paragraph a, Code
27 Supplement 2001, is amended to read as follows:

28 a. A claim for refund shall not be allowed unless the
29 claimant has accumulated sixty dollars in credits for one
30 calendar year. A claim for refund may be filed any time the
31 sixty dollar minimum has been met within the calendar year.
32 If the sixty dollar minimum has not been met in the calendar
33 year, the credit shall be claimed on the claimant's income tax
34 return unless the taxpayer is not required to file an income
35 tax return in which case a refund shall be allowed. Once the

1 sixty dollar minimum has been met, the claim for refund must
2 be filed within one-year three years following the end of the
3 month in which the earliest invoice is dated.

4 Sec. 19. Section 452A.19, unnumbered paragraph 2, Code
5 2001, is amended to read as follows:

6 A person whose refund permit is revoked for cause may not
7 obtain another refund permit for a period of one year after
8 the revocation. A refund permit under which ~~no~~ a refund is
9 not claimed for a period of one-year three years or a refund
10 permit whose holder has moved from the county in which the
11 holder resided at the time of application for the permit is
12 invalid subject to reinstatement or issuance of a new permit
13 upon application as provided in section 452A.18.

14 Sec. 20. Section 452A.21, unnumbered paragraph 3, Code
15 2001, is amended to read as follows:

16 A refund shall not be issued unless the claim is filed
17 within one-year three years following the end of the month
18 during which the ethanol blended gasoline was actually
19 blended. An income tax credit is not allowed under this
20 section.

21 Sec. 21. Section 452A.72, unnumbered paragraph 2, Code
22 2001, is amended to read as follows:

23 A refund shall not be made under this section unless a
24 written claim setting forth the circumstances for which the
25 refund should be allowed is filed with the appropriate state
26 agency within one-year three years from the date of the
27 payment of the taxes erroneously or illegally collected or
28 paid.

29 Sec. 22. Sections 422.101, 422.102, 422.103, and 422.104,
30 Code 2001, are repealed.

31 Sec. 23. Chapter 436, Code 2001, is repealed.

32 EXPLANATION

33 Code section 422.7(4) is amended to delete the word
34 "installment". This change makes the inheritance tax and
35 income tax consistent and provides for an income tax exemption

1 whether there are installment payments or a lump sum payment.

2 Code section 422.25(5) is amended to eliminate references
3 to the specific type of withholding tax forms in the penalty
4 provision for failure to file, or falsifying these forms.

5 Code section 422.43(11) is amended to apply sales tax to
6 executive search agencies regardless of their being licensed.

7 Code section 422.45(3) is amended to add the word
8 "nonprofit" to private educational institutions for purposes
9 of the sales tax exemption for certain sales where the
10 proceeds are used for or by an educational institution.

11 Code section 422.51(5) is amended to require consolidated
12 filers to provide sales tax information by business location.
13 This information will assist in preparing accurate sales and
14 use tax statistical reports and in preparing estimates for
15 local jurisdictions that are considering imposing local option
16 sales and use taxes.

17 Code sections 422.101 through 422.104 pertaining to the
18 special reserve fund are repealed as these sections are
19 obsolete.

20 Code section 423.14 is amended to insert language that use
21 tax is payable by the user on services as well as property for
22 each quarterly period. This makes section 423.14 consistent
23 with section 423.2, which imposes the tax on services and
24 makes the user liable for the tax until the tax has been paid.

25 Code chapter 436 is repealed as there are no longer any
26 express companies in Iowa. Code sections 331.401(1);
27 331.512(8); 420.207; 427A.1(1); 427B.17(5); 429.1; 441.21(5),
28 (9), and (10); and 441.73(1), are amended to strike references
29 to chapter 436.

30 Code section 452A.3 is amended to keep the tax rate for
31 liquefied petroleum gas at 20 cents per gallon. 2001 Iowa
32 Acts, chapter 123, provides for a variable tax rate for motor
33 fuel beginning July 1, 2002. The statute states that the tax
34 for liquefied petroleum gas is the same as motor fuel. It
35 would create administrative problems for the department as

1 well as taxpayers if the tax rate for liquefied petroleum gas
2 was not a set amount.

3 Code section 452A.15 is amended to give the director the
4 authority to require that transportation reports be filed by
5 electronic transmission. The director has this authority for
6 other fuel tax reports required in Code chapter 452A.

7 Code sections 452A.17(3), 452A.21, and 452A.72 are amended
8 to change the time period for the taxpayer to claim a refund
9 from one year to three years to be consistent with the time
10 period the department has to audit the taxpayer's records.
11 This would be consistent with requirements for other tax types
12 administered by the department. Code section 452A.19 is
13 amended so that a refund claim does not expire if a refund is
14 not claimed within one year, but rather expiration occurs
15 after three years.

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TO: MEMBERS OF THE 2002 GENERAL ASSEMBLY
FROM: IOWA DEPARTMENT OF REVENUE AND FINANCE
DATE: JANUARY , 2002
SUBJECT: DEPARTMENT TECHNICAL LEGISLATIVE PROPOSALS

This bill provides technical legislative changes recommended by the department.

Section 1 amends Code section 422.7(4), individual income tax, to delete the word installment. The inheritance tax sections were changed last year by House File 736 to eliminate the installment language but this section was missed. This change makes the inheritance tax and income tax consistent and provides for an income tax exemption whether there are installment payments or a lump sum payment.

Section 2 amends Code section 422.25(5) to clarify withholding tax language. The department has had some difficulty in the enforcement of this section where taxpayers and their representatives complain that this section is unclear.

Section 3 amends Code section 422.43(11), sales tax, to clarify that executive search agencies are no longer required to be licensed. The licensing requirement was amended after this tax was imposed and the department was just recently made aware of this change. These agencies feel that since they are longer licensed they do not need to collect tax. By deleting the word licensed, the tax will continue to be imposed on executive search agencies.

Section 4 amends Code section 422.45(3), sales tax, to add the word "nonprofit" to private educational institution. Since it is clear that the profits from the sales or services must be used and expended for nonprofit purposes, adding the word "nonprofit" to private educational institution clarifies that the profits donated or used by a private educational institution must be donated to or used by a nonprofit private educational institution.

Section 5 amends Code section 422.53(5) to require consolidated filers to provide sales tax information by business location. This information is needed to prepare accurate sales and use tax statistical reports and to prepare estimates for local jurisdictions that are considering imposing local option sales and use taxes.

Section 6 repeals Code sections 422.101-422.104 pertaining to the special reserve fund as these sections are obsolete.

Section 7 amends Code section 423.14, use tax, to insert language that use tax is payable by the user on services as well as property for each quarterly period. This makes section 423.14 consistent with section 423.2 which imposes the tax on services and makes the user liable for the tax until the tax has been paid.

Section 8 repeals Code chapter 436, property tax, as there are no longer any express companies in Iowa.

Sections 9 and 10 amend Code section 452A.3, motor fuel tax, to keep the tax rate for liquefied petroleum gas at twenty cents per gallon. House File 716, enacted by the 2001 Iowa General Assembly, provides for a variable tax rate for motor fuel beginning July 1, 2002. The statute states that the tax for liquefied petroleum gas is the same as motor fuel.

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It would create administrative problems for the department as well as taxpayers if the tax rate for liquefied petroleum gas were not a set amount.

Section 11 amends Code section 452A.15, motor fuel tax, to give the director the authority to require that transportation reports be filed by electronic transmission. The director has this authority for other fuel tax reports required in chapter 452A.

Sections 12, 13, and 14 amend Code sections 452A.17(3)(a), 452A.21, and 452A.72, motor fuel tax, to change the time period for the taxpayer to claim a refund from 1 year to 3 years to be consistent with the time period the department has to audit the taxpayer's records. This would be consistent with requirements for other tax types administered by the department.

H- 3/12/02 W.d means
H- 4/8/02 ~~Robert~~ ~~Robert~~

FILED FEB 27 2002

SENATE FILE 2305
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3158)

Passed Senate, ^(p.559) Date 3-11-02 Passed House, ^(p.1334) Date 4-11-02
Vote: Ayes 49 Nays 0 Vote: Ayes 96 Nays 0
Approved March, 2002

A BILL FOR

1 An Act relating to the administration of the tax and related laws
2 by the department of revenue and finance, including
3 administration of state individual income, corporate income,
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SF 2305

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6 444.8, and levy taxes as required in chapters 430A, 433, 434,
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30 ~~supplemental return~~ required by this division, who willfully
31 makes a false or fraudulent ~~semimonthly, monthly, or quarterly~~
32 deposit form or return, or willfully fails to pay the tax,
33 supply the information, or make, sign, or file the
34 ~~semimonthly, monthly, or quarterly~~ deposit form or return, at
35 the time or times required by law, is guilty of a fraudulent

1 practice.

2 Sec. 6. Section 422.43, subsection 11, unnumbered
3 paragraph 1, Code Supplement 2001, is amended to read as
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10 vehicle wash and wax; carpentry; roof, shingle, and glass
11 repair; dance schools and dance studios; dating services; dry
12 cleaning, pressing, dyeing, and laundering; electrical and
13 electronic repair and installation; rental of tangible
14 personal property, except manufactured or mobile homes which
15 are tangible personal property; excavating and grading; farm
16 implement repair of all kinds; flying service; furniture, rug,
17 upholstery repair and cleaning; fur storage and repair; golf
18 and country clubs and all commercial recreation; house and
19 building moving; household appliance, television, and radio
20 repair; jewelry and watch repair; limousine service, including
21 driver; machine operator; machine repair of all kinds; motor
22 repair; motorcycle, scooter, and bicycle repair; oilers and
23 lubricators; office and business machine repair; painting,
24 papering, and interior decorating; parking facilities; pipe
25 fitting and plumbing; wood preparation; ~~licensed~~ executive
26 search agencies; private employment agencies, excluding
27 services for placing a person in employment where the
28 principal place of employment of that person is to be located
29 outside of the state; sewage services for nonresidential
30 commercial operations; sewing and stitching; shoe repair and
31 shoeshine; sign construction and installation; storage of
32 household goods, mini-storage, and warehousing of raw
33 agricultural products; swimming pool cleaning and maintenance;
34 taxidermy services; telephone answering service; test
35 laboratories, including mobile testing laboratories and field

1 testing by testing laboratories, and excluding tests on humans
2 or animals; termite, bug, roach, and pest eradicators; tin and
3 sheet metal repair; turkish baths, massage, and reducing
4 salons, excluding services provided by massage therapists
5 licensed under chapter 152C; weighing; welding; well drilling;
6 wrapping, packing, and packaging of merchandise other than
7 processed meat, fish, fowl, and vegetables; wrecking service;
8 wrecker and towing; pay television; campgrounds; carpet and
9 upholstery cleaning; gun and camera repair; janitorial and
10 building maintenance or cleaning; lawn care, landscaping, and
11 tree trimming and removal; pet grooming; reflexology; security
12 and detective services; tanning beds or salons; and water
13 conditioning and softening.

14 Sec. 7. Section 422.45, subsection 3, unnumbered paragraph
15 1, Code Supplement 2001, is amended to read as follows:

16 The gross receipts from sales or rental of tangible
17 personal property, or services rendered by any entity where
18 the profits from the sales or rental of the tangible personal
19 property or services rendered are used by or donated to a
20 nonprofit entity which is exempt from federal income taxation
21 pursuant to section 501(c)(3) of the Internal Revenue Code, a
22 government entity, or a nonprofit private educational
23 institution, and where the entire proceeds from the sales,
24 rental, or services are expended for any of the following
25 purposes:

26 Sec. 8. Section 422.51, subsection 5, Code 2001, is
27 amended by adding the following new unnumbered paragraph:

28 NEW UNNUMBERED PARAGRAPH. A business required to file a
29 consolidated sales tax return shall file a form entitled
30 "schedule of consolidated business locations" with its
31 quarterly sales tax return that shows the taxpayer's
32 consolidated permit number, the permit number for each Iowa
33 business location, the state sales tax amount by business
34 location, and the amount of state sales tax due on goods
35 consumed that are not assigned to a specific business

1 location. Consolidated quarterly sales tax returns that are
2 not accompanied by the schedule of consolidated business
3 locations form are considered incomplete and are subject to
4 penalty under section 421.27.

5 Sec. 9. Section 423.14, Code 2001, is amended to read as
6 follows:

7 423.14 LIABILITY OF USER.

8 Any person who uses any property or services enumerated in
9 section 422.43 upon which the tax ~~herein~~ imposed under this
10 chapter has not been paid, either to the county treasurer or
11 to a retailer or direct to the department as ~~herein~~ provided
12 in this chapter, shall be liable ~~therefor~~ for the payment of
13 tax, and shall on or before the last day of the month next
14 succeeding each quarterly period pay the tax ~~herein~~ imposed
15 upon all such property and services used by the person during
16 the preceding quarterly period in such the manner and
17 accompanied by such returns as the director shall prescribe.
18 All of the provisions of section 423.13 with reference to ~~such~~
19 the returns and payments shall be applicable to the returns
20 and payments ~~herein~~ required under this section.

21 Sec. 10. Section 427A.1, subsection 1, paragraph h, Code
22 Supplement 2001, is amended to read as follows:

23 h. Property assessed by the department of revenue and
24 finance pursuant to sections 428.24 to 428.29, or chapters
25 433, 434, 437, 437A, and ~~436-to~~ 438.

26 Sec. 11. Section 427B.17, subsection 5, unnumbered
27 paragraph 1, Code 2001, is amended to read as follows:

28 This section shall not apply to property assessed by the
29 department of revenue and finance pursuant to sections 428.24
30 to 428.29, or chapters 433, 434, 437, 437A, and ~~436-to~~ 438,
31 and such property shall not receive the benefits of this
32 section.

33 Sec. 12. Section 429.1, Code 2001, is amended to read as
34 follows:

35 429.1 NOTICE OF ASSESSMENT.

1 The director of revenue and finance shall, at the time of
2 making the assessment of property as provided in chapters 428,
3 433, 434, ~~436~~, 437, and 438, inform the person assessed, by
4 mail, of the valuation put upon the taxpayer's property. The
5 notice shall contain a notice of the taxpayer's right of
6 appeal to the state board of tax review as provided in section
7 429.2.

8 Sec. 13. Section 441.21, subsections 5, 9, and 10, Code
9 Supplement 2001, are amended to read as follows:

10 5. For valuations established as of January 1, 1979,
11 commercial property and industrial property, excluding
12 properties referred to in section 427A.1, subsection 7, shall
13 be assessed as a percentage of the actual value of each class
14 of property. The percentage shall be determined for each
15 class of property by the director of revenue for the state in
16 accordance with the provisions of this section. For
17 valuations established as of January 1, 1979, the percentage
18 shall be the quotient of the dividend and divisor as defined
19 in this section. The dividend for each class of property
20 shall be the total actual valuation for each class of property
21 established for 1978, plus six percent of the amount so
22 determined. The divisor for each class of property shall be
23 the valuation for each class of property established for 1978,
24 as reported by the assessors on the abstracts of assessment
25 for 1978, plus the amount of value added to the total actual
26 value by the revaluation of existing properties in 1979 as
27 equalized by the director of revenue pursuant to section
28 441.49. For valuations established as of January 1, 1979,
29 property valued by the department of revenue pursuant to
30 chapters 428, 433, ~~436~~, 437, and 438 shall be considered as
31 one class of property and shall be assessed as a percentage of
32 its actual value. The percentage shall be determined by the
33 director of revenue in accordance with the provisions of this
34 section. For valuations established as of January 1, 1979,
35 the percentage shall be the quotient of the dividend and

1 divisor as defined in this section. The dividend shall be the
2 total actual valuation established for 1978 by the department
3 of revenue, plus ten percent of the amount so determined. The
4 divisor for property valued by the department of revenue
5 pursuant to chapters 428, 433, ~~436~~ 437, and 438 shall be the
6 valuation established for 1978, plus the amount of value added
7 to the total actual value by the revaluation of the property
8 by the department of revenue as of January 1, 1979. For
9 valuations established as of January 1, 1980, commercial
10 property and industrial property, excluding properties
11 referred to in section 427A.1, subsection 7, shall be assessed
12 at a percentage of the actual value of each class of property.
13 The percentage shall be determined for each class of property
14 by the director of revenue for the state in accordance with
15 the provisions of this section. For valuations established as
16 of January 1, 1980, the percentage shall be the quotient of
17 the dividend and divisor as defined in this section. The
18 dividend for each class of property shall be the dividend as
19 determined for each class of property for valuations
20 established as of January 1, 1979, adjusted by the product
21 obtained by multiplying the percentage determined for that
22 year by the amount of any additions or deletions to actual
23 value, excluding those resulting from the revaluation of
24 existing properties, as reported by the assessors on the
25 abstracts of assessment for 1979, plus four percent of the
26 amount so determined. The divisor for each class of property
27 shall be the total actual value of all such property in 1979,
28 as equalized by the director of revenue pursuant to section
29 441.49, plus the amount of value added to the total actual
30 value by the revaluation of existing properties in 1980. The
31 director shall utilize information reported on the abstracts
32 of assessment submitted pursuant to section 441.45 in
33 determining such percentage. For valuations established as of
34 January 1, 1980, property valued by the department of revenue
35 pursuant to chapters 428, 433, ~~436~~ 437, and 438 shall be

1 assessed at a percentage of its actual value. The percentage
2 shall be determined by the director of revenue in accordance
3 with the provisions of this section. For valuations
4 established as of January 1, 1980, the percentage shall be the
5 quotient of the dividend and divisor as defined in this
6 section. The dividend shall be the total actual valuation
7 established for 1979 by the department of revenue, plus eight
8 percent of the amount so determined. The divisor for property
9 valued by the department of revenue pursuant to chapters 428,
10 433, ~~436~~ 437, and 438 shall be the valuation established for
11 1979, plus the amount of value added to the total actual value
12 by the revaluation of the property by the department of
13 revenue as of January 1, 1980. For valuations established as
14 of January 1, 1981, and each year thereafter, the percentage
15 of actual value as equalized by the director of revenue and
16 finance as provided in section 441.49 at which commercial
17 property and industrial property, excluding properties
18 referred to in section 427A.1, subsection 7, shall be assessed
19 shall be calculated in accordance with the methods provided
20 herein, except that any references to six percent in this
21 subsection shall be four percent. For valuations established
22 as of January 1, 1981, and each year thereafter, the
23 percentage of actual value at which property valued by the
24 department of revenue and finance pursuant to chapters 428,
25 433, ~~436~~ 437, and 438 shall be assessed shall be calculated
26 in accordance with the methods provided herein, except that
27 any references to ten percent in this subsection shall be
28 eight percent. Beginning with valuations established as of
29 January 1, 1979, and each year thereafter, property valued by
30 the department of revenue and finance pursuant to chapter 434
31 shall also be assessed at a percentage of its actual value
32 which percentage shall be equal to the percentage determined
33 by the director of revenue and finance for commercial
34 property, industrial property, or property valued by the
35 department of revenue and finance pursuant to chapters 428,

1 433, ~~436~~, 437, and 438, whichever is lowest.
2 9. Not later than November 1, 1979, and November 1 of each
3 subsequent year, the director shall certify to the county
4 auditor of each county the percentages of actual value at
5 which residential property, agricultural property, commercial
6 property, industrial property, and property valued by the
7 department of revenue and finance pursuant to chapters 428,
8 433, 434, ~~436~~, 437, and 438 in each assessing jurisdiction in
9 the county shall be assessed for taxation. The county auditor
10 shall proceed to determine the assessed values of agricultural
11 property, residential property, commercial property,
12 industrial property, and property valued by the department of
13 revenue and finance pursuant to chapters 428, 433, 434, ~~436~~
14 437, and 438 by applying such percentages to the current
15 actual value of such property, as reported to the county
16 auditor by the assessor, and the assessed values so determined
17 shall be the taxable values of such properties upon which the
18 levy shall be made.

19 10. The percentage of actual value computed by the
20 director for agricultural property, residential property,
21 commercial property, industrial property and property valued
22 by the department of revenue and finance pursuant to chapters
23 428, 433, 434, ~~436~~, 437, and 438 and used to determine
24 assessed values of those classes of property does not
25 constitute a rule as defined in section 17A.2, subsection 11.

26 Sec. 14. Section 441.73, subsection 1, Code 2001, is
27 amended to read as follows:

28 1. A litigation expense fund is created in the state
29 treasury. The litigation expense fund shall be used for the
30 payment of litigation expenses incurred by the state to defend
31 property valuations established by the director of revenue and
32 finance pursuant to section 428.24 and chapters 430A, 433,
33 434, ~~436~~, 437, 437A, and 438, and for the payment of
34 litigation expenses incurred by the state to defend the
35 imposition of replacement taxes and statewide property taxes

1 under chapter 437A.

2 Sec. 15. Section 452A.3, subsection 3, Code Supplement
3 2001, is amended to read as follows:

4 3. For the privilege of operating motor vehicles or
5 aircraft in this state, there is imposed an excise tax on the
6 use of special fuel in a motor vehicle or aircraft. The tax
7 rate on special fuel for diesel engines of motor vehicles is
8 twenty-two and one-half cents per gallon. The rate of tax on
9 special fuel for aircraft is three cents per gallon. On all
10 other special fuel, unless otherwise specified in this
11 section, the per gallon rate is the same as the motor fuel
12 tax. Indelible dye meeting United States environmental
13 protection agency and internal revenue service regulations
14 must be added to fuel before or upon withdrawal at a terminal
15 or refinery rack for that fuel to be exempt from tax and the
16 dyed fuel may be used only for an exempt purpose.

17 Sec. 16. Section 452A.3, Code Supplement 2001, is amended
18 by adding the following new subsection:

19 NEW SUBSECTION. 3A. For liquefied petroleum gas used as a
20 special fuel, the rate of tax shall be twenty cents per
21 gallon.

22 Sec. 17. Section 452A.15, Code 2001, is amended by adding
23 the following new subsection:

24 NEW SUBSECTION. 4. The director may require by rule that
25 reports be filed by electronic transmission.

26 Sec. 18. Section 452A.17, subsection 3, paragraph a, Code
27 Supplement 2001, is amended to read as follows:

28 a. A claim for refund shall not be allowed unless the
29 claimant has accumulated sixty dollars in credits for one
30 calendar year. A claim for refund may be filed any time the
31 sixty dollar minimum has been met within the calendar year.
32 If the sixty dollar minimum has not been met in the calendar
33 year, the credit shall be claimed on the claimant's income tax
34 return unless the taxpayer is not required to file an income
35 tax return in which case a refund shall be allowed. Once the

1 sixty dollar minimum has been met, the claim for refund must
2 be filed within one-year three years following the end of the
3 month in which the earliest invoice is dated.

4 Sec. 19. Section 452A.19, unnumbered paragraph 2, Code
5 2001, is amended to read as follows:

6 A person whose refund permit is revoked for cause may not
7 obtain another refund permit for a period of one year after
8 the revocation. A refund permit under which no a refund is
9 not claimed for a period of one-year three years or a refund
10 permit whose holder has moved from the county in which the
11 holder resided at the time of application for the permit is
12 invalid subject to reinstatement or issuance of a new permit
13 upon application as provided in section 452A.18.

14 Sec. 20. Section 452A.21, unnumbered paragraph 3, Code
15 2001, is amended to read as follows:

16 A refund shall not be issued unless the claim is filed
17 within one-year three years following the end of the month
18 during which the ethanol blended gasoline was actually
19 blended. An income tax credit is not allowed under this
20 section.

21 Sec. 21. Section 452A.72, unnumbered paragraph 2, Code
22 2001, is amended to read as follows:

23 A refund shall not be made under this section unless a
24 written claim setting forth the circumstances for which the
25 refund should be allowed is filed with the appropriate state
26 agency within one-year three years from the date of the
27 payment of the taxes erroneously or illegally collected or
28 paid.

29 Sec. 22. Sections 422.101, 422.102, 422.103, and 422.104,
30 Code 2001, are repealed.

31 Sec. 23. Chapter 436, Code 2001, is repealed.

32 EXPLANATION

33 Code section 422.7(4) is amended to delete the word
34 "installment". This change makes the inheritance tax and
35 income tax consistent and provides for an income tax exemption

1 whether there are installment payments or a lump sum payment.

2 Code section 422.25(5) is amended to eliminate references
3 to the specific type of withholding tax forms in the penalty
4 provision for failure to file, or falsifying these forms.

5 Code section 422.43(11) is amended to apply sales tax to
6 executive search agencies regardless of their being licensed.

7 Code section 422.45(3) is amended to add the word
8 "nonprofit" to private educational institutions for purposes
9 of the sales tax exemption for certain sales where the
10 proceeds are used for or by an educational institution.

11 Code section 422.51(5) is amended to require consolidated
12 filers to provide sales tax information by business location.
13 This information will assist in preparing accurate sales and
14 use tax statistical reports and in preparing estimates for
15 local jurisdictions that are considering imposing local option
16 sales and use taxes.

17 Code sections 422.101 through 422.104 pertaining to the
18 special reserve fund are repealed as these sections are
19 obsolete.

20 Code section 423.14 is amended to insert language that use
21 tax is payable by the user on services as well as property for
22 each quarterly period. This makes section 423.14 consistent
23 with section 423.2, which imposes the tax on services and
24 makes the user liable for the tax until the tax has been paid.

25 Code chapter 436 is repealed as there are no longer any
26 express companies in Iowa. Code sections 331.401(1);
27 331.512(8); 420.207; 427A.1(1); 427B.17(5); 429.1; 441.21(5),
28 (9), and (10); and 441.73(1), are amended to strike references
29 to chapter 436.

30 Code section 452A.3 is amended to keep the tax rate for
31 liquefied petroleum gas at 20 cents per gallon. 2001 Iowa
32 Acts, chapter 123, provides for a variable tax rate for motor
33 fuel beginning July 1, 2002. The statute states that the tax
34 for liquefied petroleum gas is the same as motor fuel. It
35 would create administrative problems for the department as

1 well as taxpayers if the tax rate for liquefied petroleum gas
2 was not a set amount.

3 Code section 452A.15 is amended to give the director the
4 authority to require that transportation reports be filed by
5 electronic transmission. The director has this authority for
6 other fuel tax reports required in Code chapter 452A.

7 Code sections 452A.17(3), 452A.21, and 452A.72 are amended
8 to change the time period for the taxpayer to claim a refund
9 from one year to three years to be consistent with the time
10 period the department has to audit the taxpayer's records.
11 This would be consistent with requirements for other tax types
12 administered by the department. Code section 452A.19 is
13 amended so that a refund claim does not expire if a refund is
14 not claimed within one year, but rather expiration occurs
15 after three years.

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SENATE FILE 2305

H-8559

1 Amend Senate File 2305, as passed by the Senate, as
2 follows:

3 1. Page 1, by inserting after line 24 the
4 following:

5 "Sec. 100. Section 422.7, Code Supplement 2001, is
6 amended by adding the following new subsection:

7 NEW SUBSECTION. 38. Subtract, to the extent not
8 otherwise excluded, the amount of withdrawals from
9 tax-deferred savings accounts made during the tax year
10 if the taxpayer or taxpayer's spouse is a member of
11 the Iowa national guard or reserve forces of the
12 United States who is ordered to active state service
13 or federal service or duty. In addition, a penalty
14 for such withdrawals shall not be assessed by the
15 state."

16 2. Page 10, by inserting after line 31, the
17 following:

18 "Sec. ____ . APPLICABILITY DATE. Section 100 of
19 this Act applies retroactively to January 1, 2002, for
20 tax years beginning on or after that date."

21 3. Title page, line 4, by inserting after the
22 word "fuel" the following: "and including a
23 retroactive applicability date provision".

By WARNSTADT of Woodbury

H-8559 FILED APRIL 9, 2002

SENATE FILE 2305

AN ACT

RELATING TO THE ADMINISTRATION OF THE TAX AND RELATED LAWS
BY THE DEPARTMENT OF REVENUE AND FINANCE, INCLUDING
ADMINISTRATION OF STATE INDIVIDUAL INCOME, CORPORATE INCOME,
SALES AND USE, PROPERTY, MOTOR FUEL, AND SPECIAL FUEL.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 331.401, subsection 1, paragraph k,
Code 2001, is amended to read as follows:

k. Levy taxes as certified to it by tax-certifying bodies
in the county, in accordance with the statutes authorizing the
levies and in accordance with chapter 24 and sections 444.1 to
444.8, and levy taxes as required in chapters 430A, 433, 434,
436, 437, and 438.

Sec. 2. Section 331.512, subsection 8, Code 2001, is
amended by striking the subsection.

Sec. 3. Section 420.207, Code 2001, is amended to read as
follows:

420.207 TAXATION IN GENERAL.

Sections 426A.11 through 426A.15, 427.1, 427.8 to 427.11,
428.4, 428.20, 428.22, 428.23, ~~436-10, 436-11~~, 437.1, 437.3,
441.21, 443.1 to 443.3, 444.2 to 444.5, and 447.9 to 447.13,
so far as applicable, apply to cities acting under special
charters.

Sec. 4. Section 422.7, subsection 4, Code Supplement 2001,
is amended to read as follows:

4. Subtract ~~installment~~ payments received by a beneficiary
under an annuity which was purchased under an employee's
pension or retirement plan when the commuted value of said the
installments has been included as a part of the decedent
employee's estate for Iowa inheritance tax purposes.

Sec. 5. Section 422.25, subsection 5, Code 2001, is
amended to read as follows:

5. A person or withholding agent required to supply
information, to pay tax, or to make, sign, or file a
~~semimonthly, monthly, or quarterly~~ deposit form or return or
~~supplemental return~~ required by this division, who willfully
makes a false or fraudulent ~~semimonthly, monthly, or quarterly~~
deposit form or return, or willfully fails to pay the tax,
supply the information, or make, sign, or file the
~~semimonthly, monthly, or quarterly~~ deposit form or return, at
the time or times required by law, is guilty of a fraudulent
practice.

Sec. 6. Section 422.43, subsection 11, unnumbered
paragraph 1, Code Supplement 2001, is amended to read as
follows:

The following enumerated services are subject to the tax
imposed on gross taxable services: alteration and garment
repair; armored car; vehicle repair; battery, tire, and
allied; investment counseling; service charges of all
financial institutions; barber and beauty; boat repair;
vehicle wash and wax; carpentry; roof, shingle, and glass
repair; dance schools and dance studios; dating services; dry
cleaning, pressing, dyeing, and laundering; electrical and
electronic repair and installation; rental of tangible
personal property, except manufactured or mobile homes which
are tangible personal property; excavating and grading; farm
implement repair of all kinds; flying service; furniture, rug,
upholstery repair and cleaning; fur storage and repair; golf
and country clubs and all commercial recreation; house and
building moving; household appliance, television, and radio
repair; jewelry and watch repair; limousine service, including
driver; machine operator; machine repair of all kinds; motor
repair; motorcycle, scooter, and bicycle repair; oilers and
lubricators; office and business machine repair; painting,
papering, and interior decorating; parking facilities; pipe

fitting and plumbing; wood preparation; licensed executive search agencies; private employment agencies, excluding services for placing a person in employment where the principal place of employment of that person is to be located outside of the state; sewage services for nonresidential commercial operations; sewing and stitching; shoe repair and shoeshine; sign construction and installation; storage of household goods, mini-storage, and warehousing of raw agricultural products; swimming pool cleaning and maintenance; taxidermy services; telephone answering service; test laboratories, including mobile testing laboratories and field testing by testing laboratories, and excluding tests on humans or animals; termite, bug, roach, and pest eradicators; tin and sheet metal repair; turkish baths, massage, and reducing salons, excluding services provided by massage therapists licensed under chapter 152C; weighing; welding; well drilling; wrapping, packing, and packaging of merchandise other than processed meat, fish, fowl, and vegetables; wrecking service; wrecker and towing; pay television; campgrounds; carpet and upholstery cleaning; gun and camera repair; janitorial and building maintenance or cleaning; lawn care, landscaping, and tree trimming and removal; pet grooming; reflexology; security and detective services; tanning beds or salons; and water conditioning and softening.

Sec. 7. Section 422.45, subsection 3, unnumbered paragraph 1, Code Supplement 2001, is amended to read as follows:

The gross receipts from sales or rental of tangible personal property, or services rendered by any entity where the profits from the sales or rental of the tangible personal property or services rendered are used by or donated to a nonprofit entity which 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 sales, rental, or services are expended for any of the following purposes:

Sec. 8. Section 422.51, subsection 5, Code 2001, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. A business required to file a consolidated sales tax return shall file a form entitled "schedule of consolidated business locations" with its quarterly sales tax return that shows the taxpayer's consolidated permit number, the permit number for each Iowa business location, the state sales tax amount by business location, and the amount of state sales tax due on goods consumed that are not assigned to a specific business location. Consolidated quarterly sales tax returns that are not accompanied by the schedule of consolidated business locations form are considered incomplete and are subject to penalty under section 421.27.

Sec. 9. Section 423.14, Code 2001, is amended to read as follows:

423.14 LIABILITY OF USER.

Any person who uses any property or services enumerated in section 422.43 upon which the tax herein imposed under this chapter has not been paid, either to the county treasurer or to a retailer or direct to the department as herein provided in this chapter, shall be liable therefor for the payment of tax, and shall on or before the last day of the month next succeeding each quarterly period pay the tax herein imposed upon all such property and services used by the person during the preceding quarterly period in such the manner and accompanied by such returns as the director shall prescribe. All of the provisions of section 423.13 with reference to such the returns and payments shall be applicable to the returns and payments herein required under this section.

Sec. 10. Section 427A.1, subsection 1, paragraph h, Code Supplement 2001, is amended to read as follows:

h. Property assessed by the department of revenue and finance pursuant to sections 428.24 to 428.29, or chapters 433, 434, 437, 437A, and 436-to 438.

Sec. 11. Section 427B.17, subsection 5, unnumbered paragraph 1, Code 2001, is amended to read as follows:

This section shall not apply to property assessed by the department of revenue and finance pursuant to sections 428.24 to 428.29, or chapters 433, 434, 437, 437A, and ~~436-to~~ 438, and such property shall not receive the benefits of this section.

Sec. 12. Section 429.1, Code 2001, is amended to read as follows:

429.1 NOTICE OF ASSESSMENT.

The director of revenue and finance shall, at the time of making the assessment of property as provided in chapters 428, 433, 434, ~~436~~ 437, and 438, inform the person assessed, by mail, of the valuation put upon the taxpayer's property. The notice shall contain a notice of the taxpayer's right of appeal to the state board of tax review as provided in section 429.2.

Sec. 13. Section 441.21, subsections 5, 9, and 10, Code Supplement 2001, are amended to read as follows:

5. For valuations established as of January 1, 1979, commercial property and industrial property, excluding properties referred to in section 427A.1, subsection 7, shall be assessed as a percentage of the actual value of each class of property. The percentage shall be determined for each class of property by the director of revenue for the state in accordance with the provisions of this section. For valuations established as of January 1, 1979, the percentage shall be the quotient of the dividend and divisor as defined in this section. The dividend for each class of property shall be the total actual valuation for each class of property established for 1978, plus six percent of the amount so determined. The divisor for each class of property shall be the valuation for each class of property established for 1978, as reported by the assessors on the abstracts of assessment for 1978, plus the amount of value added to the total actual

value by the revaluation of existing properties in 1979 as equalized by the director of revenue pursuant to section 441.49. For valuations established as of January 1, 1979, property valued by the department of revenue pursuant to chapters 428, 433, ~~436~~ 437, and 438 shall be considered as one class of property and shall be assessed as a percentage of its actual value. The percentage shall be determined by the director of revenue in accordance with the provisions of this section. For valuations established as of January 1, 1979, the percentage shall be the quotient of the dividend and divisor as defined in this section. The dividend shall be the total actual valuation established for 1978 by the department of revenue, plus ten percent of the amount so determined. The divisor for property valued by the department of revenue pursuant to chapters 428, 433, ~~436~~ 437, and 438 shall be the valuation established for 1978, plus the amount of value added to the total actual value by the revaluation of the property by the department of revenue as of January 1, 1979. For valuations established as of January 1, 1980, commercial property and industrial property, excluding properties referred to in section 427A.1, subsection 7, shall be assessed at a percentage of the actual value of each class of property. The percentage shall be determined for each class of property by the director of revenue for the state in accordance with the provisions of this section. For valuations established as of January 1, 1980, the percentage shall be the quotient of the dividend and divisor as defined in this section. The dividend for each class of property shall be the dividend as determined for each class of property for valuations established as of January 1, 1979, adjusted by the product obtained by multiplying the percentage determined for that year by the amount of any additions or deletions to actual value, excluding those resulting from the revaluation of existing properties, as reported by the assessors on the abstracts of assessment for 1979, plus four percent of the

amount so determined. The divisor for each class of property shall be the total actual value of all such property in 1979, as equalized by the director of revenue pursuant to section 441.49, plus the amount of value added to the total actual value by the revaluation of existing properties in 1980. The director shall utilize information reported on the abstracts of assessment submitted pursuant to section 441.45 in determining such percentage. For valuations established as of January 1, 1980, property valued by the department of revenue pursuant to chapters 428, 433, 436, 437, and 438 shall be assessed at a percentage of its actual value. The percentage shall be determined by the director of revenue in accordance with the provisions of this section. For valuations established as of January 1, 1980, the percentage shall be the quotient of the dividend and divisor as defined in this section. The dividend shall be the total actual valuation established for 1979 by the department of revenue, plus eight percent of the amount so determined. The divisor for property valued by the department of revenue pursuant to chapters 428, 433, 436, 437, and 438 shall be the valuation established for 1979, plus the amount of value added to the total actual value by the revaluation of the property by the department of revenue as of January 1, 1980. For valuations established as of January 1, 1981, and each year thereafter, the percentage of actual value as equalized by the director of revenue and finance as provided in section 441.49 at which commercial property and industrial property, excluding properties referred to in section 427A.1, subsection 7, shall be assessed shall be calculated in accordance with the methods provided herein, except that any references to six percent in this subsection shall be four percent. For valuations established as of January 1, 1981, and each year thereafter, the percentage of actual value at which property valued by the department of revenue and finance pursuant to chapters 428, 433, 436, 437, and 438 shall be assessed shall be calculated

in accordance with the methods provided herein, except that any references to ten percent in this subsection shall be eight percent. Beginning with valuations established as of January 1, 1979, and each year thereafter, property valued by the department of revenue and finance pursuant to chapter 434 shall also be assessed at a percentage of its actual value which percentage shall be equal to the percentage determined by the director of revenue and finance for commercial property, industrial property, or property valued by the department of revenue and finance pursuant to chapters 428, 433, 436, 437, and 438, whichever is lowest.

9. Not later than November 1, 1979, and November 1 of each subsequent year, the director shall certify to the county auditor of each county the percentages of actual value at which residential property, agricultural property, commercial property, industrial property, and property valued by the department of revenue and finance pursuant to chapters 428, 433, 434, 436, 437, and 438 in each assessing jurisdiction in the county shall be assessed for taxation. The county auditor shall proceed to determine the assessed values of agricultural property, residential property, commercial property, industrial property, and property valued by the department of revenue and finance pursuant to chapters 428, 433, 434, 436, 437, and 438 by applying such percentages to the current actual value of such property, as reported to the county auditor by the assessor, and the assessed values so determined shall be the taxable values of such properties upon which the levy shall be made.

10. The percentage of actual value computed by the director for agricultural property, residential property, commercial property, industrial property and property valued by the department of revenue and finance pursuant to chapters 428, 433, 434, 436, 437, and 438 and used to determine assessed values of those classes of property does not constitute a rule as defined in section 17A.2, subsection 11.

Sec. 14. Section 441.73, subsection 1, Code 2001, is amended to read as follows:

1. A litigation expense fund is created in the state treasury. The litigation expense fund shall be used for the payment of litigation expenses incurred by the state to defend property valuations established by the director of revenue and finance pursuant to section 428.24 and chapters 430A, 433, 434, 436, 437, 437A, and 438, and for the payment of litigation expenses incurred by the state to defend the imposition of replacement taxes and statewide property taxes under chapter 437A.

Sec. 15. Section 452A.3, subsection 3, Code Supplement 2001, is amended to read as follows:

3. For the privilege of operating motor vehicles or aircraft in this state, there is imposed an excise tax on the use of special fuel in a motor vehicle or aircraft. The tax rate on special fuel for diesel engines of motor vehicles is twenty-two and one-half cents per gallon. The rate of tax on special fuel for aircraft is three cents per gallon. On all other special fuel, unless otherwise specified in this section, the per gallon rate is the same as the motor fuel tax. Indelible dye meeting United States environmental protection agency and internal revenue service regulations must be added to fuel before or upon withdrawal at a terminal or refinery rack for that fuel to be exempt from tax and the dyed fuel may be used only for an exempt purpose.

Sec. 16. Section 452A.3, Code Supplement 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. For liquefied petroleum gas used as a special fuel, the rate of tax shall be twenty cents per gallon.

Sec. 17. Section 452A.15, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 4. The director may require by rule that reports be filed by electronic transmission.

Sec. 18. Section 452A.17, subsection 3, paragraph a, Code Supplement 2001, is amended to read as follows:

a. A claim for refund shall not be allowed unless the claimant has accumulated sixty dollars in credits for one calendar year. A claim for refund may be filed any time the sixty dollar minimum has been met within the calendar year. If the sixty dollar minimum has not been met in the calendar year, the credit shall be claimed on the claimant's income tax return unless the taxpayer is not required to file an income tax return in which case a refund shall be allowed. Once the sixty dollar minimum has been met, the claim for refund must be filed within one-year three years following the end of the month in which the earliest invoice is dated.

Sec. 19. Section 452A.19, unnumbered paragraph 2, Code 2001, is amended to read as follows:

A person whose refund permit is revoked for cause may not obtain another refund permit for a period of one year after the revocation. A refund permit under which no a refund is not claimed for a period of one-year three years or a refund permit whose holder has moved from the county in which the holder resided at the time of application for the permit is invalid subject to reinstatement or issuance of a new permit upon application as provided in section 452A.18.

Sec. 20. Section 452A.21, unnumbered paragraph 3, Code 2001, is amended to read as follows:

A refund shall not be issued unless the claim is filed within one-year three years following the end of the month during which the ethanol blended gasoline was actually blended. An income tax credit is not allowed under this section.

Sec. 21. Section 452A.72, unnumbered paragraph 2, Code 2001, is amended to read as follows:

A refund shall not be made under this section unless a written claim setting forth the circumstances for which the refund should be allowed is filed with the appropriate state

agency within ~~one-year~~ three years from the date of the payment of the taxes erroneously or illegally collected or paid.

Sec. 22. Sections 422.101, 422.102, 422.103, and 422.104, Code 2001, are repealed.

Sec. 23. Chapter 436, Code 2001, is repealed.

MARY E. KRAMER

President of the Senate

BRENT SIEGRIST

Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2305, Seventy-ninth General Assembly.

MICHAEL E. MARSHALL

Secretary of the Senate

Approved May 6, 2002

THOMAS J. VILSACK

Governor