ARC 0436D

REVENUE DEPARTMENT[701]

Notice of Intended Action

Proposing rulemaking related to uniform rules on agency procedure and providing an opportunity for public comment

The Department of Revenue hereby proposes to amend Chapter 2, "Organization"; to rescind Chapter 5, "Public Records and Fair Information Practices"; to amend Chapter 103, "Examination and Certification of Assessors and Deputy Assessors," Chapter 201, "Sales and Use Tax Permits," Chapter 230, "Administration of Cigarette, Tobacco, Vapor Products, and Alternative Nicotine Products," and Chapter 260, "Motor Fuel and Undyed Special Fuel"; and to adopt Chapter 2502, "Petitions for Rulemaking," Chapter 2503, "Declaratory Orders," Chapter 2504, "Rule Waivers," Chapter 2505, "Fair Information Practices," Chapter 2506, "Contested Cases," and Chapter 2507, "Filing a Tax Appeal and the Informal Proceedings Before a Contested Case," Iowa Administrative Code.

Legal Authority for Rulemaking

This rulemaking is proposed under the authority provided in Iowa Code chapters 17A and 22; Iowa Code sections 99G.9, 123.10 and 421.17; and 2026 Iowa Acts, Senate File 2463.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code section 17A.24 and 2026 Iowa Acts, Senate File 2463.

Purpose and Summary

The Department is proposing to adopt emergency rules under Iowa Code sections 17A.4(3) and 17A.5(2)"b," providing for additions, exceptions, or amendments to the Uniform Rules on Agency Procedure adopted by the Administrative Rules Coordinator pursuant to 2026 Iowa Acts, Senate File 2463. Senate File 2463 does not rescind rule 701—5.1(17A,22,99G,123,421-453E) or 701—5.10(17A,22,99G,123,421-453E); therefore, the content of the two rules is proposed to be moved to Chapter 2505 for consistency. The definitions from rule 701—5.1(17A,22,99G,123,421-453E) are being incorporated into rule 701—2505.1(17A,22), and content from rule 701—5.10(17A,22,99G,123,421-453E) is being proposed under rule 701—2505.11(17A,22,99G,123,421-453E). Additionally, the 701—Chapter 7 rules on the informal tax appeal process prior to a contested case are being moved to Chapter 2507. These rules are intended to later be editorially moved back to 701—Chapter 7 after the rescission of the chapter goes into effect on January 1, 2027. Taxpayers are most familiar with finding rules on appeals and related administrative procedures within 701—Chapter 7; therefore, the Department has determined it to be most beneficial to maintain these rules in this location for clarity and convenience to taxpayers.

The following proposed amendments are necessary to comply with legal obligations imposed on the Department:

1. Rule 701—2502.1(17A), to adopt an additional content requirement for petitions for rulemaking found under numbered paragraph "7" that reads as follows:

"7. Any other matters deemed relevant that are not covered by the above requirements."

The Department has the authority to prescribe by rule the form for petitions and the procedure for their submission, consideration, and disposition under Iowa Code section 17A.7(1). To make the petition review process efficient for customers, the Department currently asks petitioners to provide a complete history of any prior contacts between the petitioner and the Department relating to the activity affected by the proposed rulemaking, including audits, notices of assessment, refund claims, appeals, contested case hearings, or investigative reports relating to the activity within the last five years. Retaining the ability to request this information ensures thorough and efficient review of rulemaking requests. The existing uniform rule is deemed insufficient by not stating that an agency has additional discretion to add other petition form requirements that may aid both the agency and petitioner in the review and disposition of the petition, and Iowa Code section 17A.7(1) supports the inclusion of such a rule.

2. Subrule 2503.1(1), to make revisions under the Department's authority to adopt rules that provide for the form, contents, and filing of petitions for declaratory orders provided by Iowa Code section 17A.9(2). The existing uniform rule is deemed insufficient to provide clarity to customers to ensure petitions include adequate information.

- Paragraph 2503.1(1)"a," to adopt an additional requirement for a filed petition for declaratory order found under numbered paragraph "9" and a clarifying requirement under numbered paragraph "10." The requirement in numbered paragraph "9" includes whether the petitioner is presently under audit or investigation by the agency, something that can be a strong determining factor as to the applicability to specified circumstances of a statute, rule, or order when a person is petitioning for a declaratory order. Numbered paragraph "10" clarifies that petitions submitted by a representative must have a valid Department power of attorney form or representative certification form on file with the agency, which is required by Iowa Code section 421.59.
- Paragraphs 2503.1(1)"b" and "c," to adopt amendments for clarity. First, a paragraph on standing is included to provide clarity for petitioners prior to submission to avoid the need to provide such information solely through a refusal to issue an order. Second, a paragraph is included to clarify that an association or representative group cannot file a petition for declaratory order on behalf of its members. This is prohibited due to the fact that each member may not be similarly situated or represented by the factual scenario set forth in the petition. These additions will ensure an entity receives an appropriate review on the specified circumstances of a statute, rule, or order within the primary jurisdiction of the agency and that customers are aware of these requirements up front rather than awaiting an order only to receive a refusal on these grounds.

3. Subrule 2504.1(1), to adopt definitions of discretionary and interpretive rules to provide more clarity beyond Iowa Code section 17A.9A on what types of rules the Department has the authority to waive. These definitions were part of the Department's effort to comply with uniform waiver rule requirements, paragraphs D and H, outlined in Executive Order No. 11 (1999), which Governor Reynolds has retained. The Department deems the existing uniform rule as insufficient to cover the requirements for rule waivers for the subject matter required by Department rules, as required by Executive Order No. 11 (1999).

4. Subrule 2505.4(8), to adopt an additional subrule directing how to request a copy of a tax return. The existing uniform rule does not cover this specific type of request required by Iowa Code section 421.17(37).

5. Rules 701—2505.7(17A,22), 701—2505.9(17A,22,99G,123,421-453E), and 701—2505.10(17A,22,99G,123,421-453E), to replace the uniform rules to address how to properly handle confidential records as authorized and required by Iowa Code sections 22.7, 99G.34, 123.38A, 422.20, and 422.72. Additionally, the amendment to rule 701—2505.7(17A,22) provides the necessary rules for Information Disclosure Designation, Form IA 8821. The uniform rules that cover this material are insufficient to cover the specific statutory confidentiality requirements for effective tax administration.

6. Subrule 2506.3(1), to amend the rule cross-reference to accurately reflect the Department-specific computation of time required by Iowa Code section 421.9A. The uniform rule provides for the time computation outlined in Iowa Code section 4.1, but Iowa Code section 421.9A is a Department-specific statute on computation of time that supersedes Iowa Code section 4.1.

7. Subrule 2506.20(3), to amend the subrule to add rule and statutory references for accuracy to comply with Iowa Code section 421.59 regarding who may represent a party at a hearing or prehearing conference. The uniform rule is sufficient for how parties are represented for some matters with the Department; however, there are additional statutory requirements for tax administration.

8. Subrule 2506.26(2), to adopt an amendment to adhere to how the Department's tax-related contested cases become a decision subject to judicial review and provide necessary information regarding litigation costs as required by Iowa Code sections 421.60 and 422.29. The uniform rule is

insufficient due to not covering information regarding litigation costs covered in statute and describing a judicial review process that differs from the standard the Department currently follows.

The following proposed amendments are determined to be necessary by the Department:

1. Subrule 2504.1(3), to amend the petition for waiver requirement under 7—numbered paragraph 2504.1(3)"6" to require the petitioner to provide a full contact history between the petitioner and the Department upon submission of a petition, in order to give adequate consideration of a petition for rule waiver. Retaining this requirement makes the petition review and deliberation faster and more efficient for both the requester and the Department; thus, the Uniform Rules on Agency Procedure are insufficient.
2. Subrule 2505.3(3), to amend the uniform rule on requesting records to provide more clarity on the process for public records compared to confidential records. The process for the Department to fulfill a request for confidential records may include additional requirements, including a signed affidavit that has protections to prevent perjury outlined under Iowa Code section 421.27A. The Uniform Rules on Agency Procedure do not provide for this distinction.
3. Rule 701—2506.2(17A), to adopt a definition of pleadings, which is not defined in statute or in the Uniform Rules on Agency Procedure. Including a definition provides clarity for customers in both informal appeals and contested cases. The existing language of the Uniform Rules on Agency Procedure is insufficient.
4. Rule 701—2506.11(17A), to maintain the Department's rule content on pleadings in the informal tax appeal chapter of 701—Chapter 2507 and incorporate into this rule the current language from rule 701—subrule 6.10(2) to provide specific guidance for the Department and local authorities to take action on alcohol-related violations. The existing language of the Uniform Rules on Agency Procedure is insufficient. The Department has more detailed content on pleadings in the existing informal tax appeal chapter that can also apply to the contested cases procedures described in the Uniform Rules on Agency Procedure. The alcohol-regulation-specific 701—subrule 6.10(2) is a pleadings subrule that local authorities consider highly beneficial to helping them understand procedures on alcohol-related violations to benefit public health and safety.
5. Rule 701—2506.17(17A), to amend the rule for a continuance to be requested no later than three days, rather than seven, and allow each party to be entitled to one continuance without the need for a good cause showing. This time frame is more appropriate for Department contested cases on alcohol matters than those provided by the Uniform Rules on Agency Procedure. Self-represented persons are common in alcohol contested cases, and they historically have benefited from the three-day time frame.

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to 701—Chapter 2504.

Public Comment

Any interested person may submit written or oral comments concerning this proposed rulemaking, which must be received by the Department no later than 4:30 p.m. on August 11, 2026. Comments should be directed to:

Madelyn Cutler
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Hoover State Building

P.O. Box 10457
Des Moines, Iowa 50306-3457
Phone: 515.724.2924
Email: madelyn.cutler@iowa.gov

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

August 11, 2026 10 to 11 a.m.	Via videoconference call meet.google.com/saz-eupx-rqi

Persons who wish to make oral comments at the public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rulemaking.

Any persons who intend to attend the public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its regular monthly meeting or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Emergency Rulemaking Adopted by Reference

This proposed rulemaking is also published herein as an Adopted and Filed Emergency rulemaking (see **ARC 0437D**, IAB 7/22/26). The purpose of this Notice of Intended Action is to solicit public comment on that emergency rulemaking, whose subject matter is hereby adopted by reference.