

# REVENUE DEPARTMENT[701]

## Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 701—Chapter 276  
“Facilitating Business Rapid Response to State-Declared Disasters”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 29C.24  
State or federal law(s) implemented by the rulemaking: Iowa Code section 29C.24

### Public Hearing

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

October 25, 2023  
9 a.m. to 12 noon

Via video/conference call:  
[meet.google.com/cox-brcn-tok?hs=122&authuser=0](https://meet.google.com/cox-brcn-tok?hs=122&authuser=0)

### Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis. Written or oral comments in response to this Regulatory Analysis must be received by the Department of Revenue no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Alana Stamas  
Department of Revenue  
Hoover State Office Building  
P.O. Box 10457  
Des Moines, Iowa 50306-3457  
Phone: 515.350.3932  
Email: [alana.stamas@iowa.gov](mailto:alana.stamas@iowa.gov)

### Purpose and Summary

The purpose of this proposed rulemaking is to readopt Chapter 276, which provides the Department’s rules for administering Iowa Code section 29C.24. Iowa Code section 29C.24 helps facilitate the rapid response of businesses and workers to a disaster by providing that out-of-state businesses and employees that perform disaster and emergency-related work on critical infrastructure during a disaster response period due to a state-declared disaster are not subject to income, corporate income, use, equipment, or property tax or tax filing, permit, or return requirements. The Department proposes revisions to the rules to remove portions of the chapter that the Department determined are unnecessary and duplicate statutory language. In its Red Tape Review Report, the Department recommended amending the statute to make rulemaking on this topic permissive rather than mandatory because there is little need for additional information in rules.

### Analysis of Impact

1. Persons affected by the proposed rulemaking:

- Classes of persons that will bear the costs of the proposed rulemaking:

The proposed rulemaking does not create costs for any classes of persons.

- Classes of persons that will benefit from the proposed rulemaking:

The public, including out-of-state businesses and employees, may benefit from some of the guidance in the rules; however, the Department primarily proposes repromulgation of the chapter because the statute requires rules on this topic. Otherwise, the Department may not have chosen to repromulgate any rules on this subject because the statute covers it adequately.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

- Quantitative description of impact:

There is no economic impact associated with the proposed rulemaking beyond what is provided for in statute.

- Qualitative description of impact:

Without these rules, the Department would be out of compliance with Iowa Code section 29C.24.

3. Costs to the State:

- Implementation and enforcement costs borne by the agency or any other agency:

There are no costs to the Department to implement these rules beyond what would otherwise be required to administer Iowa Code section 29C.24.

- Anticipated effect on state revenues:

There is no anticipated effect on state revenues.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

The cost of inaction would be the failure to comply with the statute's mandate that the Department adopt rules to administer Iowa Code section 29C.24.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

The proposed rulemaking is not intrusive or costly. The purpose is to provide information about the scope of tax-related responsibilities related to state-declared disasters.

6. Alternative methods considered by the agency:

- Description of any alternative methods that were seriously considered by the agency:

Because these rules are required under Iowa Code section 29C.24, the Department did not consider proceeding without rules. However, the Department did think carefully about the language of the rules and eliminated language where it was unnecessary or duplicative of the statute.

- Reasons why alternative methods were rejected in favor of the proposed rulemaking:

Iowa Code section 29C.24, as currently written, requires the Department to adopt rules to administer the Iowa Code section, so the Department made an effort to adopt rules to help provide guidance to the public in order to help them understand tax-related requirements and responsibilities for businesses during and after state-declared disasters. However, Iowa Code section 29C.24 provides sufficient information, and the Department recommends amending Iowa Code section 29C.24(7) to allow for the adoption of rules to be permissive rather than mandatory.

### Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

This proposed rulemaking does not have a substantial impact on small business. The rules do not make any special distinctions of small businesses and do not impose any special requirements for businesses based upon their size.

### Text of Proposed Rulemaking

ITEM 1. Rescind 701—Chapter 276 and adopt the following **new** chapter in lieu thereof:

#### CHAPTER 276

#### FACILITATING BUSINESS RAPID RESPONSE TO STATE-DECLARED DISASTERS

**701—276.1(29C) Purpose.** The Iowa department of revenue, the Iowa department of homeland security and emergency management and the secretary of state are authorized and tasked by the legislature to jointly administer and oversee mutual

aid among the political subdivisions of Iowa, other states and the federal government and to ensure the state government and its departments and agencies facilitate the rapid response of businesses and workers in the state and other states to a disaster.

**701—276.2(29C) Definitions.** For purposes of this chapter, the definitions from Iowa Code section 29C.24 are adopted by reference.

**701—276.3(29C) Disaster or emergency-related work.**

**276.3(1) *Out-of-state business.*** An out-of-state business conducting operations within the state solely for the purpose of performing disaster or emergency-related work during a disaster response period does not establish a level of presence that would subject the out-of-state business to any of the requirements and responsibilities listed in Iowa Code section 29C.24(3) “a.”

**276.3(2) *Out-of-state employee.*** The performance of disaster or emergency-related work during a disaster response period by an out-of-state employee is not a basis to determine that the out-of-state employee has established residency or a level of presence in Iowa that would subject the out-of-state employee to any of the requirements or responsibilities listed in Iowa Code section 29C.24(3) “b.”

**276.3(3) *After the disaster response period ends.*** An out-of-state business or out-of-state employee remaining in Iowa after the disaster response period for which the disaster or emergency-related work was performed is responsible for all taxes, fees, registration, filing or other requirements the out-of-state business or out-of-state employee would have been subject to but for Iowa Code section 29C.24.

These rules are intended to implement Iowa Code section 29C.24.