

9C.4 Bond required — applicability — forfeiture.

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

2. In such bond the applicant and surety shall appoint the secretary of state, the agent of the applicant and surety for the service of process. In the event of such service, the agent upon whom such service is made shall within five days after the date of service, mail by ordinary mail a true copy of the process served upon the agent to each party for whom the agent is served, addressed to the last known address of such party. Failure to mail the copy shall not, however, affect the jurisdiction of the court.

3. Such bond shall contain the consent of the applicant and surety that the district court of the county in which the plaintiff may reside or Polk county, Iowa, shall have jurisdiction of all actions against the applicant or surety, or both, arising out of the sale. The state of Iowa, or any subdivision thereof, or any person having a cause of action against the applicant or surety arising out of said sale may join the applicant and surety on such bond in the same action, or may in such action sue either the applicant or the surety alone.

4. The requirements of [this section](#) also apply to transient merchants who are licensed in accordance with an ordinance of a city in the state of Iowa.

5. Notwithstanding [subsections 1 through 4](#), the bond provided for in [this section](#) shall be forfeited to the state of Iowa upon the applicant's failure to pay the total of all taxes payable by or due from the applicant to the state which taxes are administered by the department of revenue. The department shall adopt administrative rules for the collection of the forfeiture. Notice shall be provided to the surety and to the applicant. Notice to the applicant shall be mailed to the applicant's last known address. The applicant or the surety shall have the opportunity to apply to the director of revenue for a hearing within thirty days after the giving of such notice. Upon the failure to timely request a hearing, the bond shall be forfeited. If, after the hearing upon timely request, the director finds that the applicant has failed to pay the total of all taxes payable and the bond is forfeited, the director shall order the bond forfeited. The amount of the forfeiture shall be the amount of taxes payable or the amount of the bond. The surety shall not have standing to contest the amount of any taxes payable. For purposes of [this section](#), "taxes payable" means all tax, penalties, interest, and fees that the department has previously determined to be due by assessment or in an appeal of an assessment.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §81A.4]

[87 Acts, ch 60, §1](#)

[C93, §9C.4](#)

[2003 Acts, ch 145, §286; 2017 Acts, ch 29, §8; 2021 Acts, ch 86, §43](#)