

Senate Amendment 3408

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1 1 Amend the amendment, S=3392, to House File 683, as
1 2 amended, passed, and reprinted by the House, as
1 3 follows:

1 4 #1. By striking page 1, line 3, through page 34,
1 5 line 10, and inserting the following:

1 6 <#____. By striking everything after the enacting
1 7 clause and inserting the following:

1 8 <DIVISION I
1 9 STATE EMPLOYEE SALARIES

1 10 Section 1. 2003 Iowa Acts, Senate File 458,
1 11 section 48, unnumbered paragraphs 1 and 2, if enacted,
1 12 are amended to read as follows:

1 13 There is appropriated from the general fund of the
1 14 state to the salary adjustment fund for distribution
1 15 by the department of management to the various state
1 16 departments, boards, commissions, councils, and
1 17 agencies, and to the state board of regents for those
1 18 persons employed at the state school for the deaf and
1 19 the Iowa braille and sight saving school, for the
1 20 fiscal year beginning July 1, 2003, and ending June
1 21 30, 2004, the amount of ~~\$28,000,000~~ \$30,000,000, or so
1 22 much thereof as may be necessary, to fully fund annual
1 23 pay adjustments, expense reimbursements, and related
1 24 benefits implemented pursuant to the following:

1 25 Of the amount appropriated in this section,
1 26 ~~\$2,668,000~~ \$2,818,000 shall be allocated to the
1 27 judicial branch for the purpose of funding annual pay
1 28 adjustments, expense reimbursements, and related
1 29 benefits implemented for judicial branch employees.
1 30 In distributing the remainder of the amount
1 31 appropriated in this section, the department of
1 32 management, in order to address essential public
1 33 protection functions and recognizing the availability
1 34 of funds appropriated in other Acts of the general
1 35 assembly and other sources, shall give priority, in
1 36 descending order, to the department of corrections,
1 37 department of human services, and department of public
1 38 safety, and then to the remaining state departments,
1 39 boards, commissions, councils, and agencies to which
1 40 the appropriation is applicable.

1 41 Sec. 2. STATE COURTS == JUSTICES, JUDGES, AND
1 42 MAGISTRATES.

1 43 1. Of the amount allocated for the judicial branch
1 44 in 2003 Iowa Acts, Senate File 458, section 48, if
1 45 enacted, \$150,000 is allocated to fund the changes in
1 46 this section to the salaries of justices, judges, and
1 47 magistrates.

1 48 2. The following annual salary rates shall be paid
1 49 to the persons holding the judicial positions
1 50 indicated during the fiscal year beginning July 1,
2 1 2003, effective with the pay period beginning December
2 2 5, 2003, and for subsequent pay periods:

2 3 a. Chief justice of the supreme court:	
2 4	\$ 127,040
2 5 b. Each justice of the supreme court:	
2 6	\$ 122,500
2 7 c. Chief judge of the court of appeals:	
2 8	\$ 122,380
2 9 d. Each associate judge of the court of appeals:	
2 10	\$ 117,850
2 11 e. Each chief judge of a judicial district:	
2 12	\$ 116,760
2 13 f. Each district judge except the chief judge of a	
2 14 judicial district:	
2 15	\$ 112,010
2 16 g. Each district associate judge:	
2 17	\$ 97,610
2 18 h. Each associate juvenile judge:	
2 19	\$ 97,610
2 20 i. Each associate probate judge:	
2 21	\$ 97,610

2 22 j. Each judicial magistrate:
 2 23 \$ 29,100
 2 24 k. Each senior judge:
 2 25 \$ 6,500
 2 26 3. Persons receiving the salary rates established
 2 27 under subsection 2 shall not receive any additional
 2 28 salary adjustments provided by 2003 Iowa Acts, Senate
 2 29 File 458, division V.

2 30 DIVISION II
 2 31 APPROPRIATIONS AND APPROPRIATIONS REVISIONS
 2 32 INSURANCE DIVISION

2 33 Sec. 3. INSURANCE STUDY. There is appropriated
 2 34 from the general fund of the state to the department
 2 35 of commerce for the fiscal year beginning July 1,
 2 36 2003, and ending June 30, 2004, the following amount,
 2 37 or so much thereof as is necessary, to be used for the
 2 38 purpose designated:
 2 39 For the insurance division to implement the school
 2 40 health insurance reform team study in accordance with
 2 41 2003 Iowa Acts, Senate File 386:
 2 42 \$ 15,000

2 43 DEPARTMENT OF MANAGEMENT

2 44 Sec. 4. LOCAL GOVERNMENT INNOVATION FUND
 2 45 APPROPRIATION. There is appropriated from the general
 2 46 fund of the state to the department of management for
 2 47 the fiscal year beginning July 1, 2003, and ending
 2 48 June 30, 2004, the following amount, or so much
 2 49 thereof as is necessary, to be used for the purpose
 2 50 designated:
 3 1 For deposit in the local government innovation fund
 3 2 created in section 8.64:
 3 3 \$ 1,000,000

3 4 Notwithstanding section 8.64, subsection 4, if
 3 5 enacted by 2003 Iowa Acts, Senate File 453, section
 3 6 27, the local government innovation fund committee may
 3 7 provide up to 20 percent of the amount appropriated in
 3 8 this section in the form of forgivable loans or as
 3 9 grants for those projects that propose a new and
 3 10 innovative sharing initiative that would serve as an
 3 11 important model for cities and counties.

3 12 DEPARTMENT OF CORRECTIONS

3 13 Sec. 5. There is appropriated from the rebuild
 3 14 Iowa infrastructure fund to the department of
 3 15 corrections for the fiscal year beginning July 1,
 3 16 2003, and ending June 30, 2004, the following amounts,
 3 17 or so much thereof as is necessary, to be used for the
 3 18 purposes designated:
 3 19 1. For expansion of the Luster Heights facility
 3 20 into a community-based corrections facility and an
 3 21 institutional work and substance abuse treatment
 3 22 center:
 3 23 \$ 92,000

3 24 2. For conversion of the Clarinda lodge into
 3 25 minimum security bed space:
 3 26 \$ 730,400

3 27 Sec. 6. 2003 Iowa Acts, Senate File 439, section
 3 28 4, subsection 1, paragraphs b and g, as enacted, are
 3 29 amended to read as follows:

3 30 b. For the operation of the Anamosa correctional
 3 31 facility, including salaries, support, maintenance,
 3 32 employment of correctional officers and a part-time
 3 33 chaplain to provide religious counseling to inmates of
 3 34 a minority race, miscellaneous purposes, and for not
 3 35 more than the following full-time equivalent
 3 36 positions:
 3 37 \$ 24,531,917
 3 38 25,196.085
 3 39 FTEs 375.75
 3 40 385.25

3 41 Moneys are provided within this appropriation for
 3 42 one full-time substance abuse counselor for the Luster
 3 43 Heights facility, for the purpose of certification of
 3 44 a substance abuse program at that facility. Of the
 3 45 funds appropriated in this paragraph "b", \$664,168 is
 3 46 allocated for implementation costs associated with
 3 47 expansion of the Luster Heights facility.

3 48 g. For the operation of the Clarinda correctional
 3 49 facility, including salaries, support, maintenance,
 3 50 employment of correctional officers, miscellaneous
 4 1 purposes, and for not more than the following full-
 4 2 time equivalent positions:

4 3 \$ ~~18,595,788~~
4 4 19,389,220
4 5 FTEs ~~291.76~~
4 6 304.58
4 7 Moneys received by the department of corrections as
4 8 reimbursement for services provided to the Clarinda
4 9 youth corporation are appropriated to the department
4 10 and shall be used for the purpose of operating the
4 11 Clarinda correctional facility.
4 12 Of the funds appropriated in this paragraph "g",
4 13 \$793,432 is allocated for implementation costs
4 14 associated with expansion of the conversion of the
4 15 Clarinda lodge, with \$277,500 of the allocation for
4 16 one-time costs and \$515,932 for ongoing costs.
4 17 PUBLIC TRANSIT
4 18 Sec. 7. 2003 Iowa Acts, Senate File 458, section
4 19 8, if enacted, is amended to read as follows:
4 20 SEC. 8. PUBLIC TRANSIT ASSISTANCE APPROPRIATION.
4 21 Notwithstanding section 312.2, subsection 14, the
4 22 amount appropriated from the general fund of the state
4 23 under section 312.2, subsection 14, to the state
4 24 department of transportation for public transit
4 25 assistance under chapter 324A for the fiscal year
4 26 beginning July 1, 2003, and ending June 30, 2004, is
4 27 reduced by the following amount:
4 28 \$ ~~1,298,675~~
4 29 2,582,800
4 30 OFFICE OF THE GOVERNOR
4 31 Sec. 8. 2003 Iowa Acts, House File 655, section 5,
4 32 subsection 1, if enacted, is amended to read as
4 33 follows:
4 34 1. GENERAL OFFICE
4 35 For salaries, support, maintenance, and
4 36 miscellaneous purposes for the general office of the
4 37 governor and the general office of the lieutenant
4 38 governor, and for not more than the following full=
4 39 time equivalent positions:
4 40 \$ ~~1,243,643~~
4 41 1,493,643
4 42 FTEs ~~17.25~~
4 43 19.25
4 44 Of the amount appropriated in this section,
4 45 \$250,000 is allocated for two full-time equivalent
4 46 positions in the office of the governor that were
4 47 previously funded by other state departments and
4 48 agencies.
4 49 DEPARTMENT OF REVENUE
4 50 Sec. 9. 2003 Iowa Acts, House File 655, section
5 1 31, if enacted, is amended to read as follows:
5 2 SEC. 31. DEPARTMENT OF REVENUE. There is
5 3 appropriated from the general fund of the state to the
5 4 department of revenue for the fiscal year beginning
5 5 July 1, 2003, and ending June 30, 2004, the following
5 6 amounts, or so much thereof as is necessary, to be
5 7 used for the purposes designated, and for not more
5 8 than the following full-time equivalent positions used
5 9 for the purposes designated in subsection 1:
5 10 FTEs ~~378.87~~
5 11 380.87
5 12 Of the full-time equivalent positions authorized in
5 13 this section, two full-time equivalent positions are
5 14 allocated for new positions to assist in preparation
5 15 of information for the revenue estimating conference
5 16 and in improving the turnaround time for processing
5 17 corporate tax filings.
5 18 1. COMPLIANCE == INTERNAL RESOURCES MANAGEMENT ==
5 19 STATE FINANCIAL MANAGEMENT == STATEWIDE PROPERTY TAX
5 20 ADMINISTRATION
5 21 For salaries, support, maintenance, and
5 22 miscellaneous purposes:
5 23 \$ ~~23,259,111~~
5 24 23,359,111
5 25 Of the funds appropriated pursuant to this
5 26 subsection, \$400,000 shall be used to pay the direct
5 27 costs of compliance related to the collection and
5 28 distribution of local sales and services taxes imposed
5 29 pursuant to chapters 422B and 422E.
5 30 The director of revenue shall prepare and issue a
5 31 state appraisal manual and the revisions to the state
5 32 appraisal manual as provided in section 421.17,
5 33 subsection 18, without cost to a city or county.

5 34 2. COLLECTION COSTS AND FEES
5 35 For payment of collection costs and fees pursuant
5 36 to section 422.26:
5 37 \$ 28,166
5 38 DEPARTMENT OF PUBLIC HEALTH
5 39 Sec. 10. 2003 Iowa Acts, House File 667, section
5 40 2, subsection 8, as enacted, is amended to read as
5 41 follows:
5 42 8. INFECTIOUS DISEASES
5 43 For reducing the incidence and prevalence of
5 44 communicable diseases, and for not more than the
5 45 following full-time equivalent positions:
5 46 \$ ~~977,340~~
5 47 1,074,888
5 48 FTEs 36.90

5 49 DIVISION III
5 50 MISCELLANEOUS PROVISIONS
6 1 Sec. 11. GOVERNMENT OVERSIGHT COMMITTEE == REVIEW
6 2 OF CONTINUING CARE RETIREMENT COMMUNITIES == ASSISTED
6 3 LIVING PROGRAM APPLICABILITY. The government
6 4 oversight committees shall review the application of
6 5 chapter 231C, relating to assisted living programs, to
6 6 continuing care retirement communities, as defined in
6 7 section 523D.1. The committees shall submit
6 8 recommendations for any legislation deemed necessary
6 9 for consideration during the 2004 regular legislative
6 10 session.

6 11 Sec. 12. Section 15E.193B, subsection 4, Code
6 12 2003, as amended by 2003 Iowa Acts, Senate File 458,
6 13 section 100, if enacted, is amended to read as
6 14 follows:
6 15 4. The eligible housing business shall complete
6 16 its building or rehabilitation within two years from
6 17 the time the business begins construction on the
6 18 single-family homes and dwelling units. The failure
6 19 to complete construction or rehabilitation within two
6 20 years shall result in the eligible housing business
6 21 becoming ineligible and subject to the repayment
6 22 requirements and penalties enumerated in subsection 7.
6 23 The department may extend the prescribed two-year
6 24 completion period for any current or future project
6 25 which has not been completed if the department
6 26 determines that completion within the two-year period
6 27 is impossible or impractical as a result of a
6 28 substantial loss caused by flood, fire, earthquake,
6 29 storm, or other catastrophe. For purposes of this
6 30 subsection, "substantial loss" means damage or
6 31 destruction in an amount in excess of thirty percent
6 32 of the project's expected eligible basis as set forth
6 33 in the eligible housing business's application.

6 34 Sec. 13. Section 215.14, Code 2003, is amended to
6 35 read as follows:
6 36 215.14 APPROVAL BY DEPARTMENT.
6 37 A commercial weighing and measuring device shall
6 38 not be installed in this state unless approved by the
6 39 department. ~~All livestock scales and~~
6 40 1. A pit type scales scale or any other scale
6 41 installed in a pit, regardless of capacity, that is
6 42 installed on or after July 1, 1990, shall have a
6 43 clearance of not less than four feet from the finished
6 44 floor line of the scale to the bottom of the "I" beam
6 45 of the scale bridge. Livestock shall not be weighed
6 46 on any scale other than a livestock scale or pit type
6 47 scale.
6 48 2. An electronic pitless scale shall be placed on
6 49 concrete footings with concrete floor. The concrete
6 50 floor shall allow for adequate drainage away from the
7 1 scale as required by the department. There shall be a
7 2 clearance of not less than eight inches between the
7 3 weigh bridge and the concrete floor to facilitate
7 4 inspection and cleaning.

7 5 3. After approval by the department, the
7 6 specifications for a commercial weighing and measuring
7 7 device shall be furnished to the purchaser of the
7 8 device by the manufacturer. The approval shall be
7 9 based upon the recommendation of the United States
7 10 national institute of standards and technology.
7 11 Sec. 14. Section 231C.17, subsection 4, if enacted
7 12 by 2003 Iowa Acts, House File 675, section 24, is
7 13 amended by striking the subsection and inserting in
7 14 lieu thereof the following:

7 15 4. A continuing care retirement community, as
7 16 defined in section 523D.1, may provide limited
7 17 personal care services and emergency response services
7 18 to its independent living tenants if all of the
7 19 following conditions are met:

7 20 a. The provision of such personal care services or
7 21 emergency response services does not result in
7 22 inadequate staff coverage to meet the service needs of
7 23 all tenants of the continuing care retirement
7 24 community.

7 25 b. The staff providing the personal care or
7 26 emergency response services is trained or qualified to
7 27 the extent necessary to provide such services.

7 28 c. The continuing care retirement community
7 29 documents the date, time, and nature of the personal
7 30 care or emergency response services provided.

7 31 d. Emergency response services are only provided
7 32 in situations which constitute an urgent need for
7 33 immediate action or assistance due to unforeseen
7 34 circumstances.

7 35 This subsection shall not be construed to prohibit
7 36 an independent living tenant of a continuing care
7 37 retirement community from contracting with a third
7 38 party for personal care or emergency response
7 39 services.

7 40 Sec. 15. NEW SECTION. 237A.25 CONSUMER
7 41 INFORMATION.

7 42 1. The department shall develop consumer
7 43 information material to assist parents in selecting a
7 44 child care provider. In developing the material, the
7 45 department shall consult with department of human
7 46 services staff, department of education staff, the
7 47 state child care advisory council, the Iowa
7 48 empowerment board, and child care resource and
7 49 referral services. In addition, the department may
7 50 consult with other entities at the local, state, and
8 1 national level.

8 2 2. The consumer information material developed by
8 3 the department for parents and other consumers of
8 4 child care services shall include but is not limited
8 5 to all of the following:

8 6 a. A pamphlet or other printed material containing
8 7 consumer-oriented information on locating a quality
8 8 child care provider.

8 9 b. Information explaining important considerations
8 10 a consumer should take into account in selecting a
8 11 licensed or registered child care provider.

8 12 c. Information explaining how a consumer can
8 13 identify quality services, including what questions to
8 14 ask of providers and what a consumer might expect or
8 15 demand to know before selecting a provider.

8 16 d. An explanation of the applicable laws and
8 17 regulations written in layperson's terms.

8 18 e. An explanation of what it means for a provider
8 19 to be licensed, registered, or unregistered.

8 20 f. An explanation of the information considered in
8 21 registry and record background checks.

8 22 g. Other information deemed relevant to consumers.

8 23 3. The department shall implement and publicize an
8 24 internet page or site that provides all of the
8 25 following:

8 26 a. The written information developed pursuant to
8 27 subsections 1 and 2.

8 28 b. Regular informational updates, including when a
8 29 child care provider was last subject to a state
8 30 quality review or inspection and, based upon a final
8 31 score or review, the results indicating whether the
8 32 provider passed or failed the review or inspection.

8 33 c. Capability for a consumer to be able to access
8 34 information concerning child care providers, such as
8 35 informational updates, identification of provider
8 36 location, name, and capacity, and identification of
8 37 providers participating in the state child care
8 38 assistance program and those participating in the
8 39 child care food program, by sorting the information or
8 40 employing other means that provide the information in
8 41 a manner that is useful to the consumer. Information
8 42 regarding provider location shall identify providers
8 43 located in the vicinity of an address selected by a
8 44 consumer and provide contact information without
8 45 listing the specific addresses of the providers.

8 46 d. Other information deemed appropriate by the
8 47 department.

8 48 Sec. 16. Section 384.84, Code 2003, is amended by
8 49 adding the following new subsection:

8 50 NEW SUBSECTION. 9. Notwithstanding subsection 3,
9 1 a lien shall not be filed against the land if the
9 2 premises are located on leased land. If the premises
9 3 are located on leased land, a lien may be filed
9 4 against the premises only.

9 5 Sec. 17. Section 422E.3A, subsection 2, paragraph
9 6 a, if enacted by 2003 Iowa Acts, Senate File 445,
9 7 section 8, is amended to read as follows:

9 8 a. A school district that is located in whole or
9 9 in part in a county that voted on and approved prior
9 10 to April 1, 2003, the local sales and services tax for
9 11 school infrastructure purposes and that has a sales
9 12 tax capacity per student above the guaranteed school
9 13 infrastructure amount shall receive for the remainder
9 14 of the term of the tax an amount equal to its pro rata
9 15 share of the local sales and services tax receipts as
9 16 provided in section 422E.3, subsection 5, paragraph
9 17 "d", unless the school board passes a resolution by
9 18 October 1, 2003, agreeing to receive a distribution
9 19 pursuant to paragraph "b", subparagraph (1).

9 20 Sec. 18. Section 422E.3A, subsection 2, paragraph
9 21 b, subparagraph (1), if enacted by 2003 Iowa Acts,
9 22 Senate File 445, section 8, is amended to read as
9 23 follows:

9 24 (1) A school district that is located in whole or
9 25 in part in a county that voted on and approved prior
9 26 to April 1, 2003, the local sales and services tax for
9 27 school infrastructure purposes and that has a sales
9 28 tax capacity per student below its guaranteed school
9 29 infrastructure amount shall receive for the remainder
9 30 of the term of the tax an amount equal to its pro rata
9 31 share of the local sales and services tax receipts as
9 32 provided in section 422E.3, subsection 5, paragraph
9 33 "d", plus an amount equal to its supplemental school
9 34 infrastructure amount, unless the school district
9 35 passes a resolution by October 1, 2003, agreeing to
9 36 receive only an amount equal to its pro rata share as
9 37 provided in section 422E.3, subsection 5, paragraph
9 38 "d", in all subsequent years.

9 39 Sec. 19. Section 435.26A, subsection 5, as enacted
9 40 by 2003 Iowa Acts, Senate File 134, section 7, and as
9 41 amended by 2003 Iowa Acts, Senate File 458, section
9 42 128, if enacted, is amended to read as follows:

9 43 5. An owner of a manufactured home who has
9 44 surrendered a certificate of title under this section
9 45 and requires another certificate of title for the
9 46 manufactured home is required to apply for a
9 47 certificate of title under ~~section 321.42~~ chapter 321.
9 48 If supporting documents for the reissuance of a title
9 49 are not available or sufficient, the procedure for the
9 50 reissuance of a title specified in the rules of the
10 1 department of transportation shall be used.

10 2 Sec. 20. Section 459.315, Code 2003, as amended by
10 3 2003 Iowa Acts, House File 644, if enacted, is amended
10 4 by adding the following new subsection:

10 5 NEW SUBSECTION. 4A. This section shall not
10 6 require a person to be certified as a confinement site
10 7 manure applicator if the person applies manure which
10 8 originates from a manure storage structure which is
10 9 part of a small animal feeding operation.

10 10 Sec. 21. Section 508.31A, subsection 2, paragraph
10 11 a, subparagraph (4), as enacted by 2003 Iowa Acts,
10 12 House File 647, section 7, is amended to read as
10 13 follows:

10 14 (4) A person other than a natural person for the
10 15 purpose of providing collateral security for
10 16 securities ~~issued by such person and~~ registered with
10 17 the federal securities and exchange commission.

10 18 Sec. 22. 2003 Iowa Acts, Senate File 401, section
10 19 5, subsection 1, is amended to read as follows:

10 20 1. Notwithstanding any provision of law to the
10 21 contrary, the section of this Act creating section
10 22 453A.2, subsection 5A, is applicable to violations
10 23 pending on the effective date of this Act for which a
10 24 penalty has not been assessed under section 453A.22,
10 25 subsection 2. Notwithstanding this subsection,
10 26 however, if a county health department, a city health

~~10 27 department, or a city assesses a penalty under section
10 28 453A.22, subsection 2, on or after April 11, 2003 but
10 29 prior to June 30, 2003, for a violation of section
10 30 453A.2, subsection 1, which was pending on April 11,
10 31 2003, the county health department, city health
10 32 department or city assessing the penalty shall be
10 33 deemed to have jurisdiction to assess the penalty and
10 34 the penalty assessed is deemed valid.~~

10 35 Sec. 23. 2003 Iowa Acts, Senate File 453, section
10 36 31, subsection 1, if enacted, is amended to read as
10 37 follows:

10 38 1. In lieu of applying a charge for capital assets
10 39 to the institutions under the control of the state
10 40 board of regents as otherwise provided in this
10 41 division for executive branch agencies, the
10 42 appropriations made from the general fund of the state
10 43 to the state board of regents for the ~~general~~

~~10 44 university operating budgets at the state university
10 45 of Iowa, Iowa state university of science and
10 46 technology, and university of northern Iowa, in 2003
10 47 Iowa Acts, House File 662, section 9, subsections 2,
10 48 3, and 4, are reduced by \$17,880,000. The state board
10 49 of regents shall apply the reduction as follows: state
10 50 university of Iowa, 46.7 percent, Iowa state~~

~~11 1 university of science and technology, 36.8 percent,
11 2 and university of northern Iowa, 16.5 percent.~~

11 3 Sec. 24. 2003 Iowa Acts, Senate File 458, section
11 4 21, unnumbered paragraph 3, if enacted, is amended to
11 5 read as follows:

11 6 Of the funds appropriated in this section, up to
11 7 \$10,000 is transferred to the Iowa department of
11 8 ~~public health~~ human services for allocation to
11 9 community mental health centers to provide counseling
11 10 services to persons who are members of the national
11 11 guard and reservists activated but as yet not sent to
11 12 combat zones and to the persons' family members. The
11 13 sessions shall be provided on a first come, first
11 14 served basis and shall be limited to three visits per
11 15 family.

11 16 Sec. 25. 2003 Iowa Acts, Senate File 458, section
11 17 149, if enacted, is amended to read as follows:

11 18 SEC. 149. SUPPLEMENTAL PAYMENT ADJUSTMENTS FOR
11 19 PHYSICIAN SERVICES. To the extent that, pursuant to
11 20 law enacted by the Eightieth General Assembly, 2003
11 21 Session, supplemental payment adjustments are
11 22 implemented for physician services provided to medical
11 23 assistance program participants at publicly owned
11 24 acute care hospitals, the department of human services
11 25 shall not, directly or indirectly, recoup the
11 26 supplemental payment adjustments for any reason,
11 27 unless an amount equivalent to the amount of
11 28 adjustment funds ~~that were~~ is first transferred to the
11 29 ~~department by the state university of Iowa college of
11 30 medicine is transferred by the department to the~~
~~11 31 qualifying physicians. Any such amount transferred~~
~~11 32 and identified as a supplemental payment under this~~
11 33 section shall then be refunded to the department of
11 34 human services, per the agreement executed for this
11 35 purpose between the department and the university of
11 36 Iowa.

11 37 Sec. 26. 2003 Iowa Acts, Senate File 458, section
11 38 171, subsection 1, if enacted, is amended to read as
11 39 follows:

11 40 1. PURPOSE. The general assembly finds that the
11 41 Iowa communications network is a valuable state asset
11 42 that has served the people of the state well, but
11 43 which requires significant ongoing financial support
11 44 from the state in the form of annual appropriations.
11 45 The operation of a telecommunications network is a
11 46 function that can be and generally is conducted by
11 47 private enterprise. It is in the public interest to
11 48 sell the Iowa communications network to a qualified
11 49 private business enterprise that will commit to
11 50 provide the same secure low-cost high-quality service
12 1 to ~~state and federal public and private agencies and~~
~~12 2 military installations, as defined in chapter 8D, now~~
12 3 provided by the network. Through such a sale, the
12 4 state would eliminate the need for ongoing annual
12 5 appropriations while preserving the key benefits
12 6 enjoyed by the state under the present state ownership
12 7 of the network. The state also expects to obtain

12 8 sufficient proceeds from such a sale to cover existing
12 9 obligations and to realize additional proceeds above
12 10 the level of such obligations. Given the current
12 11 depressed state of the telecommunications industry,
12 12 the state can reasonably be expected to maximize sales
12 13 proceeds by allowing a purchaser a period of time in
12 14 which to assemble financing for its purchase. During
12 15 the interim between enactment of this division of this
12 16 Act and completion of a sale, the services of a
12 17 private-enterprise manager with experience operating
12 18 telecommunications networks can reasonably be expected
12 19 to reduce the costs of operating the Iowa
12 20 communications network, thereby lowering annual
12 21 appropriations.

12 22 Sec. 27. 2003 Iowa Acts, Senate File 458, section
12 23 172, subsection 2, paragraph b, if enacted, is amended
12 24 to read as follows:

12 25 b. Select a manager and enter into a management
12 26 contract with the manager by October 1, 2004. The
12 27 management contract shall provide for the continuation
12 28 of all services currently being provided to ~~state and~~
~~12 29 federal public and private agencies and military~~
~~12 30 installations~~ pursuant to chapter 8D, at the rates
12 31 specified therein, for the duration of the contract.
12 32 The contract shall also specify the manager's
12 33 authority in relation to the duties of the commission
12 34 during the period between execution of the management
12 35 contract and closing of the sale of the network. The
12 36 commission shall establish a dispute resolution
12 37 process regarding rate increases, quality of service
12 38 issues, and other areas of dispute involving network
12 39 subscribers. The commission shall also make
12 40 recommendations regarding imposition of an ongoing
12 41 dispute resolution and appeals process commencing with
12 42 the closing of the sale of the network.

12 43 Sec. 28. 2003 Iowa Acts, Senate File 458, section
12 44 173, subsection 1, if enacted, is amended to read as
12 45 follows:

12 46 1. ~~The principal place of business of the~~
12 47 purchaser and any parent of the purchaser shall be
12 48 ~~located~~ operating in the state of Iowa.

12 49 Sec. 29. 2003 Iowa Acts, Senate File 458, section
12 50 174, subsection 4, if enacted, is amended to read as
13 1 follows:

13 2 4. Agree to continue all services currently being
13 3 provided to ~~state and federal public and private~~
13 4 ~~agencies and military installations, as defined in~~
~~13 5 chapter 8D~~, for the next ten years, with any annual
13 6 rate increase not to exceed five percent per year,
13 7 provided that the purchaser shall not be required to
13 8 supply at such restricted prices a quantity or quality
13 9 of service greater than that provided by the network
13 10 as of execution of the contract for sale of the
13 11 network.

13 12 Sec. 30. 2003 Iowa Acts, House File 667, section
13 13 27, subsection 1, unnumbered paragraph 2, is amended
13 14 to read as follows:

13 15 For costs associated with the commitment and
13 16 treatment of sexually violent predators in the unit
13 17 located at the state mental health institute at
13 18 Cherokee, including costs of legal services and other
13 19 associated costs, including salaries, support,
13 20 maintenance, and miscellaneous purposes and for not
13 21 more than the following full-time equivalent
13 22 positions:

13 23	\$	2,675,179
13 24	FTEs	46.00
13 25		57.00

13 26 Sec. 31. EFFECTIVE DATE == RETROACTIVE
13 27 APPLICABILITY.

13 28 1. The section of this division of this Act
13 29 amending section 231C.17, being deemed of immediate
13 30 importance, takes effect upon enactment.

13 31 2. The section of this division of this Act
13 32 amending 2003 Iowa Acts, Senate File 401, being deemed
13 33 of immediate importance, takes effect upon enactment
13 34 and is retroactively applicable to April 11, 2003.

13 35 DIVISION IV
13 36 CORRECTIVE PROVISIONS

13 37 Sec. 32. Section 8A.505, as enacted by 2003 Iowa
13 38 Acts, House File 534, section 87, is amended by adding

13 39 the following new unnumbered paragraph:
13 40 NEW UNNUMBERED PARAGRAPH. There is appropriated
13 41 annually from the increase in indirect cost
13 42 reimbursements over the amount of indirect cost
13 43 reimbursements received during the fiscal year
13 44 beginning July 1, 2002, to the office of grants
13 45 enterprise management of the department of management
13 46 the sum of up to one hundred twenty-five thousand
13 47 dollars. The director shall transfer the funds
13 48 appropriated to the department of management as
13 49 provided in this paragraph and shall make the funds
13 50 resulting from the increase in reimbursements

14 1 available during the fiscal year to the department of
14 2 management on a monthly basis. If the amount of the
14 3 increase in indirect cost reimbursements is
14 4 insufficient to pay the maximum appropriation provided
14 5 for in this paragraph, the amount appropriated is
14 6 equal to the amount of such increase.

14 7 Sec. 33. Section 12C.4, Code 2003, as amended by
14 8 2003 Iowa Acts, House File 289, section 2, is amended
14 9 to read as follows:

14 10 12C.4 LOCATION OF DEPOSITORIES.

14 11 Deposits by the treasurer of state shall be in
14 12 depositories located in this state; by a county
14 13 officer or county public hospital officer or merged
14 14 area hospital officer, in depositories located in the
14 15 county or in an adjoining county within this state; by
14 16 a memorial hospital treasurer, in a depository located
14 17 within this state which shall be selected by the
14 18 memorial hospital treasurer and approved by the
14 19 memorial hospital commission; by a city treasurer or
14 20 other city financial officer, in depositories located
14 21 in the county in which the city is located or in an
14 22 adjoining county, but if there is no depository in the
14 23 county in which the city is located or in an adjoining
14 24 county then in any other depository located in this
14 25 state which shall be selected as a depository by the
14 26 city council; by a school treasurer or by a school
14 27 secretary in a depository within this state which
14 28 shall be selected by the board of directors or the
14 29 trustees of the school district; by a township clerk
14 30 in a depository located within this state which shall
14 31 be selected by the township clerk and approved by the
14 32 trustees of the township. However, deposits may be
14 33 made in depositories outside of Iowa for the purpose
14 34 of paying principal and interest on bonded
14 35 indebtedness of any municipality when the deposit is
14 36 made not more than ten days before the date the
14 37 principal or interest becomes due. Further, the
14 38 treasurer of state may maintain an account or accounts
14 39 outside the state of Iowa for the purpose of providing
14 40 custodial services for the state and state retirement
14 41 fund accounts. Deposits made for the purpose of
14 42 completing an electronic financial transaction
14 43 pursuant to section ~~14B.203~~ 8A.222 or 331.427 may be
14 44 made in any depository located in this state.

14 45 Sec. 34. Section 29A.28, subsection 3, as enacted
14 46 by 2003 Iowa Acts, House File 674, section 3, is
14 47 amended to read as follows:

14 48 3. Upon returning from a leave of absence under
14 49 this section, an employee shall be entitled to return
14 50 to the same position and classification held by the
15 1 employee at the time of entry ~~onto~~ into state active
15 2 duty, active state service, or federal service or to
15 3 the position and classification that the employee
15 4 would have been entitled to if the continuous civil
15 5 service of the employee had not been interrupted by
15 6 state active duty, active state service, or federal
15 7 service. Under this subsection, "position" includes
15 8 the geographical location of the position.

15 9 Sec. 35. Section 70A.39, subsection 1, paragraph
15 10 b, as enacted by 2003 Iowa Acts, House File 381,
15 11 section 1, is amended to read as follows:

15 12 b. ~~"Vascularized~~ "Vascular organ" means a heart,
15 13 lung, liver, pancreas, kidney, intestine, or other
15 14 organ that requires the continuous circulation of
15 15 blood to remain useful for purposes of
15 16 transplantation.

15 17 Sec. 36. Section 99B.7, subsection 1, paragraph 1,
15 18 subparagraph (1), Code 2003, as amended by 2003 Iowa
15 19 Acts, Senate File 453, section 104, if enacted, is

15 20 amended to read as follows:
15 21 (1) No other gambling is engaged in at the same
15 22 location, except that lottery tickets or shares issued
15 23 by the Iowa lottery ~~division of the department of~~
~~15 24 revenue and finance authority~~ may be sold pursuant to
15 25 chapter 99G.
15 26 Sec. 37. Section 507A.4, subsection 9, paragraph
15 27 e, as enacted by 2003 Iowa Acts, House File 647,
15 28 section 4, is amended to read as follows:
15 29 e. When not otherwise provided, a foreign or
15 30 domestic multiple ~~employee employer~~ welfare
15 31 arrangement doing business in this state shall pay to
15 32 the commissioner of insurance the fees as required in
15 33 section 511.24.
15 34 Sec. 38. Section 556.11, subsection 5, Code 2003,
15 35 as amended by 2003 Iowa Acts, Senate File 180, section
15 36 2, is amended to read as follows:
15 37 5. If the holder of property presumed abandoned
15 38 under this chapter knows the whereabouts of the owner
15 39 and if the owner's claim has not been barred by the
15 40 statute of limitations, the holder shall, before
15 41 filing the annual report, communicate with the owner
15 42 and take necessary steps to prevent abandonment from
15 43 being presumed. The holder shall exercise due
15 44 diligence to ascertain the whereabouts of the owner. A
15 45 holder is not required to make a due diligence mailing
15 46 to owners whose property has an aggregate value of
15 47 less than fifty dollars. The treasurer of state may
15 48 charge a holder that fails to timely exercise due
15 49 diligence, as required in this subsection, five
15 50 dollars for each name and address account reported if
16 1 thirty-five percent ~~of~~ or more of the accounts are
16 2 claimed within the twenty-four months immediately
16 3 following the filing of the holder report.
16 4 Sec. 39. 2003 Iowa Acts, Senate File 438, section
16 5 3, is repealed.
16 6 Sec. 40. 2003 Iowa Acts, Senate File 453, section
16 7 11, if enacted, is amended to read as follows:
16 8 SEC. 11. Sections ~~403.23~~, 405A.1, 405A.2, 405A.3,
16 9 405A.4, 405A.5, 405A.6, 405A.7, 405A.8, 405A.9,
16 10 405A.10, 422.65, 427A.12, and 427B.19B, Code 2003, are
16 11 repealed.
16 12 Sec. 41. 2003 Iowa Acts, Senate File 458, section
16 13 13, if enacted, is amended to read as follows:
16 14 SEC. 13. REDUCTION IN CREDITS NOT APPLICABLE. The
16 15 ~~provision provisions~~ in section 25B.7 relating to the
16 16 prororation of the property tax credits ~~does and the~~
~~16 17 estimation of the portion of the credit or exemption~~
~~16 18 which will be funded~~ do not apply with respect to the
16 19 amount of state reimbursement for property tax credits
16 20 under this division.
16 21 Sec. 42. 2003 Iowa Acts, Senate File 458, section
16 22 159, if enacted, is amended to read as follows:
16 23 SEC. 159. EFFECTIVE DATES. The following
16 24 provisions of this division of this Act, being deemed
16 25 of immediate importance, take effect upon enactment:
16 26 1. The amendments to sections 8.23, 8.31, and 8.57
16 27 which are first applicable to appropriations made for
16 28 the fiscal year beginning July 1, 2003.
16 29 2. The amendment to section 12E.12.
16 30 3. The amendments to sections 15E.42, 15E.43,
16 31 15E.45, and 15E.51, which apply retroactively to
16 32 January 1, 2002, for tax years beginning on or after
16 33 that date.
16 34 4. The amendment to section 15E.193B.
16 35 5. The amendment to section 435.26A.
16 36 6. The amendment to section 453A.2, which shall
16 37 only take effect if 2003 Iowa Acts, Senate File 401,
16 38 is enacted by the Eightieth General Assembly, 2003
16 39 Regular Session.
16 40 7. The amendments to sections 453C.1 and 453C.2
16 41 and the related severability provision.
16 42 8. The amendments to sections 518.18 and 518A.35.
16 43 9. The section directing the department of
16 44 corrections to develop a plan for selling certain
16 45 land.
16 46 10. The section relating to the sales and use tax
16 47 refund.
16 48 11. The section relating to the school district
16 49 reimbursement claim.
16 50 The sections of this division of this Act amending

17 1 section 80B.5 and enacting section 80B.5A are
17 2 applicable to the appointment of the director of the
17 3 Iowa law enforcement academy for the term beginning
17 4 May 1, 2004.

~~17 5 Section 29C.8, subsection 3, paragraph "f", as
17 6 enacted in this division of this Act, and the
17 7 amendment to section 29C.20, subsection 1, as enacted
17 8 in this division of this Act, take effect July 1,
17 9 2004.~~

17 10 Sec. 43. 2003 Iowa Acts, House File 171, section
17 11 112, the bill section amending clause, is amended to
17 12 read as follows:

17 13 Section 656.2, subsection 2, paragraph a,
17 14 unnumbered paragraph ~~11~~ 3, Code 2003, is amended to
17 15 read as follows:

17 16 Sec. 44. 2003 Iowa Acts, House File 662, section
17 17 5, subsection 8, paragraphs a and b, if enacted, are
17 18 amended to read as follows:

17 19 a. Of the amount appropriated in this ~~section~~
17 20 subsection, \$347,371 shall be allocated to the public
17 21 broadcasting division for purposes of providing
17 22 support for functions related to the Iowa
17 23 communications network, including but not limited to
17 24 the following functions: development of distance
17 25 learning applications; development of a central
17 26 information source on the internet relating to
17 27 educational uses of the network; second-line technical
17 28 support for network sites; testing and initializing
17 29 sites onto the network; and coordinating the work of
17 30 the education telecommunications council.

17 31 b. Of the amount appropriated in this ~~section~~
17 32 subsection, \$1,272,285 shall be allocated to the
17 33 regional telecommunications councils established in
17 34 section 8D.5. The regional telecommunications
17 35 councils shall use the funds to provide technical
17 36 assistance for network classrooms, planning and
17 37 troubleshooting for local area networks, scheduling of
17 38 video sites, and other related support activities.

17 39 Sec. 45. 2003 Iowa Acts, House File 662, section
17 40 6, unnumbered paragraph 2, if enacted, is amended to
17 41 read as follows:

17 42 The funds allocated in this ~~subsection~~ section
17 43 shall be distributed as follows:

17 44 Sec. 46. 2003 Iowa Acts, House File 662, section
17 45 18, if enacted, is repealed.

17 46 Sec. 47. EFFECTIVE AND APPLICABILITY DATES.

17 47 1. The section of this division of this Act
17 48 amending section 29A.28, subsection 3, being deemed of
17 49 immediate importance, takes effect upon enactment and
17 50 applies retroactively to January 1, 2003.

18 1 2. The section of this division of this Act
18 2 amending 2003 Iowa Acts, Senate File 458, section 159,
18 3 being deemed of immediate importance, takes effect
18 4 upon enactment.

18 5 3. 2003 Iowa Acts, Senate File 458, section 140,
18 6 relating to nonreversion of funds appropriated in 1996
18 7 Iowa Acts, chapter 1218, and 1997 Iowa Acts, chapter
18 8 215, if enacted, being deemed of immediate importance,
18 9 takes effect upon enactment of this Act.

18 10 DIVISION V

18 11 ALTERNATIVE FORMS OF LOCAL GOVERNMENT

18 12 Sec. 48. Section 331.234, subsections 3 and 4,
18 13 Code 2003, as amended by 2003 Iowa Acts, Senate File
18 14 390, section 4, if enacted, are amended to read as
18 15 follows:

18 16 3. The board shall make available to the
18 17 commission in-kind services such as office space,
18 18 printing, supplies, and equipment. ~~The county and~~
18 19 ~~shall pay from the segregated account established in~~
18 20 ~~subsection 4~~, the other necessary expenses of the
18 21 commission including compensation for secretarial,
18 22 clerical, professional, and consultant services. The
18 23 total annual expenses, not including the value of in-
18 24 kind expenses, to be paid from public funds shall not
18 25 exceed one hundred thousand dollars or an amount equal
18 26 to thirty cents times the population of the commission
18 27 area, according to the most recent certified federal
18 28 census. The commission may employ staff as necessary.

~~18 29 4. The Except as otherwise provided in subsection
18 30 5, the expenses of the commission shall be paid by
18 31 each city and county participating in the charter~~

~~18 32 process or may be paid from the general fund of the
18 33 county. Expenses of the commission may also be paid
18 34 from any combination of public or private funds
18 35 available for that purpose. Each city's share shall
18 36 be its pro rata share of the expenses based upon the
18 37 ratio that the population of the city bears to the
18 38 total population in the county. The county's share
18 39 shall be its pro rata share of expenses based upon the
18 40 ratio that the population of the unincorporated area
18 41 of the county bears to the total population of the
18 42 county. The amount paid by each city and county
18 43 participating in the charter process shall be
18 44 deposited in a segregated account maintained by the
18 45 county. The commission's annual expenses may exceed
18 46 the amount in subsection 3 only if the excess is paid
18 47 from private funds. If a proposed charter is
18 48 submitted to the electorate, private funds donated to
18 49 the commission may be used to promote passage of the
18 50 proposed charter.~~

19 1 Sec. 49. Section 331.234, Code 2003, is amended by
19 2 adding the following new subsection:

19 3 NEW SUBSECTION. 5. In the case of a city=county
19 4 consolidation charter commission or a community
19 5 commonwealth charter commission, the expenses of the
19 6 commission shall be paid by each city and county
19 7 participating in the charter process pursuant to
19 8 section 331.233A. Each participating city's share
19 9 shall be its pro rata share of the expenses based upon
19 10 the ratio that the population of the city bears to the
19 11 total population in the county. The remainder shall
19 12 be paid from the general fund of the county. The
19 13 amount paid by each city and county participating in
19 14 the charter process shall be deposited in a segregated
19 15 account maintained by the county.

19 16 Sec. 50. Section 331.235, subsection 3, Code 2003,
19 17 as amended by 2003 Iowa Acts, Senate File 390, section
19 18 5, if enacted, is amended to read as follows:

19 19 3. Within twenty months after organization, the
19 20 commission shall submit the final report to the board.
19 21 If the commission is created pursuant to section
19 22 331.264, subsection 4, the commission shall submit the
19 23 final report to the board within five months after
19 24 submission of the preliminary report to the board
19 25 pursuant to section 331.264, subsection 3. A
19 26 commission created pursuant to section 331.264,
19 27 subsection 4, may adopt a motion granting itself a
19 28 sixty-day extension of time for submission of its
19 29 final report. If the commission recommends a charter
19 30 including a form of government other than the existing
19 31 form of government, the final report shall include the
19 32 full text and an explanation of the proposed charter,
19 33 ~~a statement of whether the elected officers shall be~~
~~19 34 elected on a partisan or nonpartisan basis,~~ an
19 35 analysis of the fiscal impact of the proposed charter,
19 36 any comments deemed desirable by the commission, and
19 37 any minority reports. The final report may recommend
19 38 no change to the existing form of government and that
19 39 no charter be submitted to the electorate, in which
19 40 case, the report shall state the reasons for and
19 41 against a change in the existing form of government.
19 42 The final report shall be made available to the
19 43 residents of the county upon request. A summary of
19 44 the final report shall be published in the official
19 45 newspapers of the county and in a newspaper of general
19 46 circulation in each participating city.

19 47 Sec. 51. Section 331.238, subsection 4, if enacted
19 48 by 2003 Iowa Acts, Senate File 390, section 9, is
19 49 amended to read as follows:

19 50 ~~4. Subsections 1 and 2 do~~ This section does not
20 1 apply to the city=county consolidated form of
20 2 government or the community commonwealth form of
20 3 government.

20 4 Sec. 52. Section 331.247, subsection 4, Code 2003,
20 5 as amended by 2003 Iowa Acts, Senate File 390, section
20 6 11, if enacted, is amended to read as follows:

20 7 4. If an alternative form of government for a
20 8 consolidated unit of local government is proposed,
20 9 approval of the consolidation charter shall be
20 10 separate from approval of the alternative form of
20 11 government in those cities proposed to be included in
20 12 the consolidation. The question of whether the

~~20 13 election of officers of the consolidated unit of local~~
~~20 14 government shall be with regard to political~~
~~20 15 affiliation shall be a separate question on the~~
~~20 16 ballot.~~ Adoption of the consolidation charter
20 17 requires the approval of a majority of the votes cast
20 18 in the entire county. A city named on the ballot is
20 19 included in the consolidation if the proposed charter
20 20 is approved by a majority of the votes cast in the
20 21 city. The consolidation charter shall be effective in
20 22 regard to a city government only if a majority of the
20 23 voters of the city voting on the question voted for
20 24 participation in the consolidation charter.
20 25 Sec. 53. Section 331.248, subsection 2, paragraph
20 26 j, if enacted by 2003 Iowa Acts, Senate File 390,
20 27 section 13, is amended by striking the paragraph and
20 28 inserting in lieu thereof the following:
20 29 j. Provide for the effective date of the adopted
20 30 charter.

20 31 Sec. 54. Section 331.252, Code 2003, as amended by
20 32 2003 Iowa Acts, Senate File 390, section 18, if
20 33 enacted, is amended by adding the following new
20 34 unnumbered paragraph after unnumbered paragraph 2:
20 35 NEW UNNUMBERED PARAGRAPH. If the charter described
20 36 on this ballot is adopted, should officers of the new
20 37 government be elected with regard to political
20 38 affiliation?

20 39 Sec. 55. Section 331.254, subsection 7, Code 2003,
20 40 as amended by 2003 Iowa Acts, Senate File 390, section
20 41 19, if enacted, is amended to read as follows:

20 42 7. The merger of the elective offices of each
20 43 consolidating county with the election of new officers
20 44 within sixty days after the effective date of the
20 45 charter ~~which shall specifically provide whether the~~

~~20 46 election of new officers shall be on a partisan or~~
~~20 47 nonpartisan basis, notwithstanding section 331.238,~~

~~20 48 subsection 3.~~ The elections shall be conducted by the
20 49 county commissioner of elections of each county. No
20 50 primary election shall be held. Nominations shall be
21 1 made pursuant to section 43.78 and chapters 44 and 45,
21 2 as applicable, except that the filing deadline shall
21 3 be forty days before the election.

21 4 Sec. 56. Section 331.261, subsection 11, Code
21 5 2003, as amended by 2003 Iowa Acts, Senate File 390,
21 6 section 22, if enacted, is amended by striking the
21 7 subsection and inserting in lieu thereof the
21 8 following:

21 9 11. The effective date of the adopted charter.

21 10 Sec. 57. Section 331.264, subsection 4, if enacted
21 11 by 2003 Iowa Acts, Senate File 390, section 25, is
21 12 amended to read as follows:

21 13 4. If the committee report recommends a city=
21 14 county consolidation or community commonwealth, the
21 15 committee shall continue its existence and be
21 16 designated, and operate with the powers and duties of,
21 17 a commission created pursuant to section 331.233A. If
21 18 the committee report recommends a multicounty
21 19 consolidation, the committee shall continue its
21 20 existence and be designated, and operate with the
21 21 powers and duties of, a commission created pursuant to
21 22 section 331.233. ~~If the committee recommends an~~
~~21 23 alternative form of government, that recommendation~~
~~21 24 shall state whether elections conducted under that~~
~~21 25 form of government shall be partisan or nonpartisan.~~

21 26 Sec. 58. EFFECTIVE AND APPLICABILITY DATES. This
21 27 division of this Act, being deemed of immediate
21 28 importance, takes effect upon enactment and applies to
21 29 charter commissions in existence on that date.

21 30 DIVISION VI
21 31 CRIMINAL OFFENDERS AND INMATES

21 32 Sec. 59. Section 321J.2, subsection 2, paragraph
21 33 a, subparagraph (1), Code 2003, is amended to read as
21 34 follows:

21 35 (1) Imprisonment in the county jail for not less
21 36 than forty-eight hours, to be served as ordered by the
21 37 court, less credit for any time the person was
21 38 confined in a jail or detention facility following
21 39 arrest or for any time the person spent in a court=
~~21 40 ordered operating=while=intoxicated program that~~
~~21 41 provides law enforcement security.~~ However, the
21 42 court, in ordering service of the sentence and in its
21 43 discretion, may accommodate the defendant's work

21 44 schedule.

21 45 Sec. 60. NEW SECTION. 811.2A PRETRIAL RELEASE.

21 46 A person, who has been released under a plan of
21 47 pretrial release or on the person's own recognizance
21 48 and who is subsequently arrested for a new criminal
21 49 offense while under the plan of pretrial release or
21 50 released on the person's own recognizance, shall not
22 1 be eligible for another release pursuant to pretrial
22 2 release guidelines or released on the person's own
22 3 recognizance, if all of the following apply:

22 4 1. The arrest for the new criminal offense is
22 5 based on a set of facts or an event that is different
22 6 than involved in the earlier arrest.

22 7 2. The new criminal offense is classified as
22 8 greater than a serious misdemeanor.

22 9 However, a person may be admitted to bail if
22 10 eligible pursuant to section 811.1.

22 11 Sec. 61. Section 901.4, Code 2003, is amended to
22 12 read as follows:

22 13 901.4 PRESENTENCE INVESTIGATION REPORT
22 14 CONFIDENTIAL == DISTRIBUTION.

22 15 The presentence investigation report is
22 16 confidential and the court shall provide safeguards to
22 17 ensure its confidentiality, including but not limited
22 18 to sealing the report, which may be opened only by
22 19 further court order. At least three days prior to the
22 20 date set for sentencing, the court shall serve all of
22 21 the presentence investigation report upon the
22 22 defendant's attorney and the attorney for the state,
22 23 and the report shall remain confidential except upon
22 24 court order. However, the court may conceal the
22 25 identity of the person who provided confidential
22 26 information. The report of a medical examination or
22 27 psychological or psychiatric evaluation shall be made
22 28 available to the attorney for the state and to the
22 29 defendant upon request. The reports are part of the
22 30 record but shall be sealed and opened only on order of
22 31 the court. If the defendant is committed to the
22 32 custody of the Iowa department of corrections and is
22 33 not a class "A" felon, a copy of the presentence
22 34 investigation report shall be forwarded to the
22 35 director with the order of commitment by the clerk of
22 36 the district court and to the board of parole at the
22 37 time of commitment. The Pursuant to section 904.602,
22 38 the presentence investigation report may also be

22 39 released by the department of corrections or a
22 40 judicial district department of correctional services
22 41 pursuant to section 904.602 to another jurisdiction
22 42 for the purpose of providing interstate probation and
22 43 parole compact services or evaluations, or to a
22 44 substance abuse or mental health services provider
22 45 when referring a defendant for services. The

22 46 defendant or the defendant's attorney may file with
22 47 the presentence investigation report, a denial or
22 48 refutation of the allegations, or both, contained in
22 49 the report. The denial or refutation shall be
22 50 included in the report. If the person is sentenced
23 1 for an offense which requires registration under
23 2 chapter 692A, the court shall release the report to
23 3 the department which is responsible under section
23 4 692A.13A for performing the assessment of risk.

23 5 Sec. 62. Section 901B.1, subsection 1, paragraph
23 6 c, subparagraph (5), Code 2003, is amended to read as
23 7 follows:

23 8 (5) A substance abuse treatment facility as
23 9 established and operated by the Iowa department of
23 10 public health or the department of corrections.

23 11 Sec. 63. Section 903A.2, subsection 1, paragraph
23 12 a, Code 2003, is amended to read as follows:

23 13 a. Category "A" sentences are those sentences
23 14 which are not subject to a maximum accumulation of
23 15 earned time of fifteen percent of the total sentence
23 16 of confinement under section 902.12. To the extent
23 17 provided in subsection 5, category "A" sentences also
23 18 include life sentences imposed under section 902.1.
23 19 An inmate of an institution under the control of the
23 20 department of corrections who is serving a category
23 21 "A" sentence is eligible for a reduction of sentence
23 22 equal to one and two-tenths days for each day the
23 23 inmate demonstrates good conduct and satisfactorily
23 24 participates in any program or placement status

23 25 identified by the director to earn the reduction. The
23 26 programs include but are not limited to the following:
23 27 (1) Employment in the institution.
23 28 (2) Iowa state industries.
23 29 (3) An employment program established by the
23 30 director.
23 31 (4) A treatment program established by the
23 32 director.
23 33 (5) An inmate educational program approved by the
23 34 director.

23 35 An inmate serving a category "A" sentence is
23 36 eligible for an additional reduction of sentence of up
23 37 to three hundred sixty-five days of the full term of
23 38 the sentence of the inmate for exemplary acts. In
23 39 accordance with section 903A.4, the director shall by
23 40 policy identify what constitutes an exemplary act that
23 41 may warrant an additional reduction of sentence.

23 42 Sec. 64. Section 903A.3, subsection 2, Code 2003,
23 43 is amended to read as follows:

23 44 2. The orders of the administrative law judge are
23 45 subject to appeal to the superintendent or warden of
23 46 the institution, or the superintendent's or warden's
23 47 designee, who may either affirm, modify, remand for
23 48 correction of procedural errors, or reverse an order.
23 49 However, sanctions shall not be increased on appeal.

23 50 ~~A decision of the superintendent, warden, or designee~~
24 1 ~~is subject to review by the director of the Iowa~~
24 2 ~~department of corrections who may either affirm,~~
24 3 ~~modify, remand for correction of procedural errors, or~~
24 4 ~~reverse the decision. However, sanctions shall not be~~
24 5 ~~increased on review.~~

24 6 Sec. 65. NEW SECTION. 904.117 INTERSTATE COMPACT
24 7 FUND.

24 8 An interstate compact fund is established under the
24 9 control of the department. All interstate compact
24 10 fees collected by the department pursuant to section
24 11 907B.5 shall be deposited into the fund and the moneys
24 12 shall be used by the department to offset the costs of
24 13 complying with the interstate compact for adult
24 14 offender supervision in chapter 907B. Notwithstanding
24 15 section 8.33, moneys remaining in the fund at the end
24 16 of a fiscal year shall not revert to the general fund
24 17 of the state. Notwithstanding section 12C.7, interest
24 18 and earnings deposited in the fund shall be credited
24 19 to the fund.

24 20 Sec. 66. Section 904.503, subsection 2, Code 2003,
24 21 is amended to read as follows:

24 22 2. When the director has cause to believe that an
24 23 inmate in a state correctional institution is mentally
24 24 ill, the Iowa department of corrections may cause the
24 25 inmate to be transferred to the Iowa medical and
24 26 classification center, or to another appropriate
24 27 facility within the department, for examination,
24 28 diagnosis, or treatment. The inmate shall be confined
24 29 at that ~~institution center or facility~~ or a state
24 30 hospital for persons with mental illness until the
24 31 expiration of the inmate's sentence or until the
24 32 inmate is pronounced in good mental health. If the
24 33 inmate is pronounced in good mental health before the
24 34 expiration of the inmate's sentence, the inmate shall
24 35 be returned to the state correctional institution
24 36 until the expiration of the inmate's sentence.

24 37 Sec. 67. Section 904.508, subsection 2, Code 2003,
24 38 is amended to read as follows:

24 39 2. ~~The Pursuant to section 904.702, the director~~
24 40 ~~shall establish and maintain an inmate savings fund in~~
24 41 ~~an interest-bearing account for the deposit of all or~~
24 42 ~~part of an inmate's allowances, as provided in section~~
24 43 ~~904.702 and amounts, except amounts directed to be~~
24 44 ~~deposited in the inmate telephone fund established in~~
24 45 ~~section 904.508A, sent to the inmate from a source~~
24 46 ~~other than the department. All or part of an inmate's~~
24 47 ~~allowances and amounts, except amounts directed to be~~
24 48 ~~deposited in the inmate telephone fund established in~~
24 49 ~~section 904.508A, from a source other than the~~
24 50 ~~department shall be deposited into the savings fund,~~

25 1 ~~until the inmate's deposit is equal to the amount due~~
25 2 ~~the inmate upon discharge, parole, or placement on~~
25 3 ~~work release, one hundred dollars as provided in~~
25 4 ~~section 906.9. If an inmate's deposits are equal this~~
25 5 ~~amount to or in excess of one hundred dollars, the~~

25 6 inmate may voluntarily withdraw from the savings fund.
25 7 The director shall notify the inmate of this right to
25 8 withdraw and shall provide the inmate with a written
25 9 request form to facilitate the withdrawal. If the
25 10 inmate withdraws and the inmate's deposits exceed the
25 11 amount due as provided in section 906.9, the director
25 12 shall disburse the excess amount as provided for
25 13 allowances under section 904.702, except the director
25 14 shall not deposit the excess amount in the inmate
25 15 savings fund. If the inmate chooses to continue to
25 16 participate in the savings fund, the inmate's deposits
25 17 shall be returned to the inmate upon discharge,
25 18 parole, or placement on work release. Otherwise, the
25 19 inmate's deposits shall be disposed of as provided in
25 20 subsection 3. An inmate's deposits into the savings
25 21 fund may be used to provide the money due the inmate
25 22 upon discharge, parole, or placement on work release,
25 23 as required under section 906.9. Interest earned from
25 24 the savings fund shall be placed in a separate
25 25 account, and may be used for purchases approved by the
25 26 director to directly and collectively benefit inmates.

25 27 Sec. 68. Section 904.508A, Code 2003, is amended
25 28 to read as follows:

25 29 904.508A INMATE TELEPHONE ~~REBATE~~ FUND.

25 30 The department is authorized to establish and
25 31 maintain an inmate telephone ~~rebate~~ fund in ~~each~~
~~25 32 institution~~ for the deposit of moneys received for
25 33 inmate telephone ~~rebates~~ calls. All funds deposited
25 34 in this fund shall be used for the benefit of inmates.
25 35 The director shall adopt rules providing for the
25 36 disbursement of moneys from the fund.

25 37 Sec. 69. Section 904.513, subsection 1, paragraph
25 38 b, subparagraph (4), Code 2003, is amended to read as
25 39 follows:

25 40 (4) Assignment may also be made on the basis of
25 41 the offender's treatment program performance, as a
25 42 disciplinary measure, for medical needs, and for space
25 43 availability at community residential facilities. If
25 44 there is insufficient space at a community residential
25 45 facility, the court may order an offender to be
25 46 released to the supervision of the judicial district
25 47 department of correctional services, or held in jail,
25 48 or committed to the custody of the director of the
25 49 department of corrections for assignment to an
25 50 appropriate correctional facility until there is
26 1 sufficient space at a community residential facility.

26 2 Sec. 70. Section 904.702, unnumbered paragraph 1,
26 3 Code 2003, is amended to read as follows:

26 4 If allowances are paid pursuant to section 904.701,
26 5 the director shall establish an inmate account, for
26 6 deposit of those allowances and for deposit of moneys
26 7 sent to the inmate from a source other than the
26 8 department of corrections. The director may deduct an
26 9 amount, not to exceed ten percent of the amount of the
26 10 allowance, unless the inmate requests a larger amount,
26 11 to be deposited into the inmate savings fund as
26 12 required under section 904.508, subsection 2. In
26 13 addition to deducting a portion of the allowance, the
26 14 director may also deduct from an inmate account any
26 15 amount, except amounts directed to be deposited in the
26 16 inmate telephone fund established in section 904.508A,
26 17 sent to the inmate from a source other than the
26 18 department of corrections for deposit in the inmate
26 19 savings fund as required under section 904.508,
26 20 subsection 2, until the amount in the fund equals the
26 21 amount due the inmate upon discharge, parole, or
26 22 placement on work release. The director shall deduct

26 23 from the inmate account an amount established by the
26 24 inmate's restitution plan of payment. The director
26 25 shall also deduct from any remaining account balance
26 26 an amount sufficient to pay all or part of any
26 27 judgment against the inmate, including but not limited
26 28 to judgments for taxes and child support, and court
26 29 costs and fees assessed either as a result of the
26 30 inmate's confinement or amounts required to be paid
26 31 under section 610A.1. Written notice of the amount of
26 32 the deduction shall be given to the inmate, who shall
26 33 have five days after receipt of the notice to submit
26 34 in writing any and all objections to the deduction to
26 35 the director, who shall consider the objections prior
26 36 to transmitting the deducted amount to the clerk of

26 37 the district court. The director need give only one
26 38 notice for each action or appeal under section 610A.1
26 39 for which periodic deductions are to be made. The
26 40 director shall next deduct from any remaining account
26 41 balance an amount sufficient to pay all or part of any
26 42 costs assessed against the inmate for misconduct or
26 43 damage to the property of others. The director may
26 44 deduct from the inmate's account an amount sufficient
26 45 to pay for the inmate's share of the costs of health
26 46 services requested by the inmate and for the treatment
26 47 of injuries inflicted by the inmate on the inmate or
26 48 others. The director may deduct and disburse an
26 49 amount sufficient for industries' programs to qualify
26 50 under the eligibility requirements established in the
27 1 Justice Assistance Act of 1984, Pub. L. No. 98-473,
27 2 including an amount to pay all or part of the cost of
27 3 the inmate's incarceration. The director may pay all
27 4 or any part of remaining allowances paid pursuant to
27 5 section 904.701 directly to a dependent of the inmate,
27 6 or may deposit the allowance to the account of the
27 7 inmate, or may deposit a portion and allow the inmate
27 8 a portion for the inmate's personal use.

27 9 Sec. 71. Section 907.4, Code 2003, is amended to
27 10 read as follows:

27 11 907.4 DEFERRED JUDGMENT DOCKET.

27 12 A deferment of judgment under section 907.3 shall
27 13 be reported promptly by the clerk of the district
27 14 court, or the clerk's designee, to the state court
27 15 administrator for entry in the deferred judgment
27 16 docket. The docket shall contain a permanent record
27 17 of the deferred judgment including the name and date
27 18 of birth of the defendant, the district court docket
27 19 number, the nature of the offense, and the date of the
27 20 deferred judgment. Before granting deferred judgment
27 21 in any case, the court shall request of the state
27 22 court administrator a search of the deferred judgment
27 23 docket and shall consider any prior record of a
27 24 deferred judgment against the defendant. The
27 25 permanent record provided for in this section is a
27 26 confidential record exempted from public access under
27 27 section 22.7 and shall be available only to justices
27 28 of the supreme court, judges of the court of appeals,
27 29 district judges, district associate judges, judicial
27 30 magistrates, clerks of the district court, judicial
27 31 district departments of correctional services, and
27 32 county attorneys requesting information pursuant to
27 33 this section, or the designee of a justice, judge,
27 34 magistrate, clerk, judicial district department of
27 35 correctional services, or county attorney.

27 36 Sec. 72. Section 907.9, subsections 1, 2, and 4,
27 37 Code 2003, are amended to read as follows:

27 38 1. At any time that the court determines that the
27 39 purposes of probation have been fulfilled and the fees
27 40 imposed under section 905.14 have been paid ~~to or~~
27 41 ~~waived by the judicial district department of~~
27 42 ~~correctional services or on condition that unpaid~~
27 43 ~~supervision fees be paid,~~ the court may order the
27 44 discharge of a person from probation.

27 45 2. At any time that a probation officer determines
27 46 that the purposes of probation have been fulfilled and
27 47 the fees imposed under section 905.14 have been paid
27 48 ~~to or waived by the judicial district department of~~
27 49 ~~correctional services or on condition that unpaid~~

27 50 ~~supervision fees be paid,~~ the officer may order the
28 1 discharge of a person from probation after approval of
28 2 the district director and notification of the
28 3 sentencing court and the county attorney who
28 4 prosecuted the case.

28 5 4. At the expiration of the period of probation
28 6 and if the fees imposed under section 905.14 have been
28 7 paid ~~to or waived by the judicial district department~~
28 8 ~~of correctional services or on condition that unpaid~~
28 9 ~~supervision fees be paid,~~ the court shall order the
28 10 discharge of the person from probation, and the court
28 11 shall forward to the governor a recommendation for or
28 12 against restoration of citizenship rights to that
28 13 person. A person who has been discharged from
28 14 probation shall no longer be held to answer for the
28 15 person's offense. Upon discharge from probation, if
28 16 judgment has been deferred under section 907.3, the
28 17 court's criminal record with reference to the deferred

28 18 judgment shall be expunged. The record maintained by
28 19 the state court administrator as required by section
28 20 907.4 shall not be expunged. The court's record shall
28 21 not be expunged in any other circumstances.

28 22 Sec. 73. NEW SECTION. 907B.4 INTERSTATE COMPACT
28 23 FEE.

28 24 The department of corrections may assess a fee, not
28 25 to exceed one hundred dollars, for an application to
28 26 transfer out of the state under the interstate compact
28 27 for adult offender supervision. The fee may be waived
28 28 by the department. The moneys collected pursuant to
28 29 this section shall be deposited into the interstate
28 30 compact fund established in section 904.117 and shall
28 31 be used to offset the costs of complying with the
28 32 interstate compact for adult offender supervision.

28 33 Sec. 74. Section 910.3B, Code 2003, is amended to
28 34 read as follows:

28 35 910.3B RESTITUTION FOR DEATH OF VICTIM.

28 36 1. In all criminal cases in which the offender is
28 37 convicted of a felony in which the act or acts
28 38 committed by the offender caused the death of another
28 39 person, in addition to the amount determined to be
28 40 payable and ordered to be paid to a victim for
28 41 pecuniary damages, as defined under section 910.1, and
28 42 determined under section 910.3, the court shall also
28 43 order the offender to pay at least one hundred fifty
28 44 thousand dollars in restitution to the victim's estate
28 45 if the victim died testate. If the victim died
28 46 intestate the court shall order the offender to pay
28 47 the restitution to the victim's heirs at law as
28 48 determined pursuant to section 633.210. The

28 49 obligation to pay the additional amount shall not be
28 50 dischargeable in any proceeding under the federal
29 1 Bankruptcy Act. Payment of the additional amount
29 2 shall have the same priority as payment of a victim's
29 3 pecuniary damages under section 910.2, in the
29 4 offender's plan for restitution.

29 5 2. An award under this section does not preclude
29 6 or supersede the right of a victim's estate or heirs
29 7 at law to bring a civil action against the offender
29 8 for damages arising out of the same facts or event.
29 9 However, no evidence relating to the entry of the
29 10 judgment against the offender pursuant to this section
29 11 or the amount of the award ordered pursuant to this
29 12 section shall be permitted to be introduced in any
29 13 civil action for damages arising out of the same facts
29 14 or event.

29 15 3. An offender who is ordered to pay a victim's
29 16 estate or heirs at law under this section is precluded
29 17 from denying the elements of the felony offense which
29 18 resulted in the order for payment in any subsequent
29 19 civil action for damages arising out of the same facts
29 20 or event.

29 21 Sec. 75. Section 915.100, subsection 2, paragraph
29 22 c, Code 2003, is amended to read as follows:

29 23 c. In cases where the act committed by an offender
29 24 causes the death of another person, in addition to the
29 25 amount ordered for payment of the victim's pecuniary
29 26 damages, the court shall also order the offender to
29 27 pay at least one hundred fifty thousand dollars in
29 28 restitution to the victim's estate or heirs at law,
29 29 pursuant to the provisions of section 910.3B.

29 30 DIVISION VII

29 31 ECONOMIC DEVELOPMENT APPROPRIATIONS

29 32 Sec. 76. MARKETING APPROPRIATION.

29 33 1. There is appropriated from the grow Iowa fund
29 34 created in section 15G.107, if enacted by 2003 Iowa
29 35 Acts, House File 692 or another Act, to the department
29 36 of economic development, for the fiscal period
29 37 beginning July 1, 2004, and ending June 30, 2010, the
29 38 following amounts, or so much thereof as is necessary,
29 39 to be used for the purpose designated:

29 40 For implementing and administering the marketing
29 41 strategy approved under section 15G.108, if enacted by
29 42 2003 Iowa Acts, House File 692 or another Act:

29 43 FY 2004=2005.....	\$ 10,000,000
29 44 FY 2005=2006.....	\$ 10,000,000
29 45 FY 2006=2007.....	\$ 5,000,000
29 46 FY 2007=2008.....	\$ 5,000,000
29 47 FY 2008=2009.....	\$ 5,000,000
29 48 FY 2009=2010.....	\$ 2,500,000

29 49 2. Notwithstanding section 8.33, moneys that
29 50 remain unexpended at the end of a fiscal year shall
30 1 not revert to any fund but shall remain available for
30 2 expenditure for the designated purposes during the
30 3 succeeding fiscal year.

30 4 Sec. 77. DEPARTMENT OF ECONOMIC DEVELOPMENT
30 5 APPROPRIATION.

30 6 1. There is appropriated from the grow Iowa fund
30 7 created in section 15G.107, if enacted by 2003 Iowa
30 8 Acts, House File 692 or another Act, to the department
30 9 of economic development for the fiscal period
30 10 beginning July 1, 2003, and ending June 30, 2010, the
30 11 following amounts, or so much thereof as is necessary,
30 12 to be used for the purpose designated:

30 13 For programs administered by the department of
30 14 economic development:

30 15 FY 2003=2004.....	\$ 41,575,000
30 16 FY 2004=2005.....	\$ 31,575,000
30 17 FY 2005=2006.....	\$ 35,000,000
30 18 FY 2006=2007.....	\$ 32,500,000
30 19 FY 2007=2008.....	\$ 30,500,000
30 20 FY 2008=2009.....	\$ 13,500,000
30 21 FY 2009=2010.....	\$ 13,500,000

30 22 2. Notwithstanding section 8.33, moneys that
30 23 remain unexpended at the end of a fiscal year shall
30 24 not revert to any fund but shall remain available for
30 25 expenditure for the designated purposes during the
30 26 succeeding fiscal year.

30 27 3. Each year that moneys are appropriated under
30 28 this section, the grow Iowa board shall allocate a
30 29 percentage of the moneys for each of the following
30 30 types of activities:

- 30 31 a. Business start-ups.
- 30 32 b. Business expansion.
- 30 33 c. Business modernization.
- 30 34 d. Business attraction.
- 30 35 e. Business retention.
- 30 36 f. Marketing.

30 37 4. An applicant for moneys appropriated under this
30 38 section shall be required by the department to include
30 39 in the application a statement regarding the intended
30 40 return on investment. A recipient of moneys
30 41 appropriated under this section shall annually submit
30 42 a statement to the department regarding the progress
30 43 achieved on the intended return on investment stated
30 44 in the application. The department, in cooperation
30 45 with the department of revenue and finance, shall
30 46 develop a method of identifying and tracking each new
30 47 job created through financial assistance from moneys
30 48 appropriated under this section.

30 49 5. The department may use moneys appropriated
30 50 under this section to procure technical assistance
31 1 from either the public or private sector, for
31 2 information technology purposes, and for rail, air, or
31 3 river port transportation-related purposes. The use
31 4 of moneys appropriated for rail, air, or river port
31 5 transportation-related purposes must be directly
31 6 related to an economic development project and the
31 7 moneys must be used to leverage other financial
31 8 assistance moneys.

31 9 6. Of the moneys appropriated under this section,
31 10 the department may use one-quarter of one percent for
31 11 administrative purposes.

31 12 7. The grow Iowa board is required to approve or
31 13 deny applications for financial assistance from moneys
31 14 appropriated under this section.

31 15 Sec. 78. UNIVERSITY AND COLLEGE FINANCIAL
31 16 ASSISTANCE APPROPRIATION.

31 17 1. There is appropriated from the grow Iowa fund
31 18 created in section 15G.107, if enacted by 2003 Iowa
31 19 Acts, House File 692 or another Act, to the grow Iowa
31 20 board for the fiscal period beginning July 1, 2003,
31 21 and ending June 30, 2010, the following amounts, or so
31 22 much thereof as is necessary, to be used for the
31 23 purposes designated:

31 24 For financial assistance for institutions of higher
31 25 learning under the control of the state board of
31 26 regents and for accredited private institutions as
31 27 defined in section 261.9 for multiuse, goods
31 28 manufacturing processes approved by the food and drug
31 29 administration of the United States department of

31 30 health and human services, protein purification
 31 31 facilities for plant, animal, and chemical
 31 32 manufactured proteins; upgrading food and drug
 31 33 administration drug approval laboratories in Iowa City
 31 34 to a larger multiclient, goods manufacturing processes
 31 35 facility; crop and animal livestock facilities for the
 31 36 growing of transgenic crops and livestock; and
 31 37 advanced laboratory space:
 31 38 FY 2003=2004..... \$ 5,325,000
 31 39 FY 2004=2005..... \$ 5,325,000
 31 40 FY 2005=2006..... \$ 5,325,000
 31 41 FY 2006=2007..... \$ 5,325,000
 31 42 FY 2007=2008..... \$ 5,325,000
 31 43 FY 2008=2009..... \$ 5,325,000
 31 44 FY 2009=2010..... \$ 5,325,000

31 45 2. Notwithstanding section 8.33, moneys that
 31 46 remain unexpended at the end of a fiscal year shall
 31 47 not revert to any fund but shall remain available for
 31 48 expenditure for the designated purposes during the
 31 49 succeeding fiscal year.

31 50 3. In the distribution of moneys appropriated
 32 1 pursuant to this section, the grow Iowa board shall
 32 2 examine the potential for using moneys appropriated
 32 3 pursuant to this section to leverage other moneys for
 32 4 financial assistance to accredited private
 32 5 institutions.

32 6 4. In awarding moneys appropriated pursuant to
 32 7 this section, the grow Iowa board shall consider
 32 8 whether the purchase of suitable existing
 32 9 infrastructure is more cost-efficient than building
 32 10 new infrastructure.

32 11 5. An institution of higher learning under the
 32 12 control of the state board of regents may apply to use
 32 13 financial assistance moneys under this section for
 32 14 purposes of a public and private joint venture to
 32 15 acquire infrastructure assets or research facilities
 32 16 or to leverage moneys in a manner consistent with
 32 17 meeting the goals and performance measures provided in
 32 18 section 15G.106, if enacted by 2003 Iowa Acts, House
 32 19 File 692 or another Act.

32 20 Sec. 79. REHABILITATION PROJECT TAX CREDITS
 32 21 APPROPRIATION.

32 22 1. There is appropriated from the grow Iowa fund
 32 23 created in section 15G.107, if enacted by 2003 Iowa
 32 24 Acts, House File 692 or another Act, to the general
 32 25 fund of the state, for the fiscal period beginning
 32 26 July 1, 2003, and ending June 30, 2010, the following
 32 27 amounts, or so much thereof as is necessary, to be
 32 28 used for the purpose designated:

32 29 For payment of tax credits approved pursuant to
 32 30 section 404A.4 for projects located in certified
 32 31 cultural and entertainment districts:
 32 32 FY 2003=2004..... \$ 700,000
 32 33 FY 2004=2005..... \$ 700,000
 32 34 FY 2005=2006..... \$ 700,000
 32 35 FY 2006=2007..... \$ 700,000
 32 36 FY 2007=2008..... \$ 700,000
 32 37 FY 2008=2009..... \$ 700,000
 32 38 FY 2009=2010..... \$ 700,000

32 39 2. Notwithstanding section 8.33, moneys that
 32 40 remain unexpended at the end of a fiscal year shall
 32 41 not revert to any fund but shall remain available for
 32 42 expenditure for the designated purposes during the
 32 43 succeeding fiscal year.

32 44 Sec. 80. LOAN AND CREDIT GUARANTEE FUND
 32 45 APPROPRIATION.

32 46 1. There is appropriated from the grow Iowa fund
 32 47 created in section 15G.107, if enacted by 2003 Iowa
 32 48 Acts, House File 692 or another Act, to the department
 32 49 of economic development for the fiscal period
 32 50 beginning July 1, 2003, and ending June 30, 2010, the

33 1 following amounts, or so much thereof as is necessary,
 33 2 to be used for the purpose designated:

33 3 For deposit in the loan and credit guarantee fund
 33 4 created in section 15E.227:
 33 5 FY 2003=2004..... \$ 2,500,000
 33 6 FY 2004=2005..... \$ 7,500,000
 33 7 FY 2005=2006..... \$ 8,575,000
 33 8 FY 2006=2007..... \$ 11,075,000
 33 9 FY 2007=2008..... \$ 13,075,000
 33 10 FY 2008=2009..... \$ 35,075,000

33 11 FY 2009=2010..... \$ 37,575,000
33 12 2. Notwithstanding section 8.33, moneys that
33 13 remain unexpended at the end of a fiscal year shall
33 14 not revert to any fund but shall remain available for
33 15 expenditure for the designated purpose during the
33 16 succeeding fiscal year.
33 17 Sec. 81. ENDOW IOWA TAX CREDITS.
33 18 1. There is appropriated from the grow Iowa fund
33 19 created in section 15G.107, if enacted by 2003 Iowa
33 20 Acts, House File 692 or another Act, to the general
33 21 fund of the state, for the fiscal period beginning
33 22 July 1, 2003, and ending June 30, 2010, the following
33 23 amounts, or so much thereof as is necessary, to be
33 24 used for the purpose designated:
33 25 For payment of endow Iowa tax credits authorized
33 26 pursuant to section 15E.305:

33 27	FY 2003=2004.....	\$	200,000
33 28	FY 2004=2005.....	\$	200,000
33 29	FY 2005=2006.....	\$	200,000
33 30	FY 2006=2007.....	\$	200,000
33 31	FY 2007=2008.....	\$	200,000
33 32	FY 2008=2009.....	\$	200,000
33 33	FY 2009=2010.....	\$	200,000

33 34 2. Notwithstanding section 8.33, moneys that
33 35 remain unexpended at the end of a fiscal year shall
33 36 not revert to any fund but shall remain available for
33 37 expenditure for the designated purposes during the
33 38 succeeding fiscal year.
33 39 Sec. 82. ENDOW IOWA GRANTS APPROPRIATION.
33 40 1. There is appropriated from the grow Iowa fund
33 41 created in section 15G.107, if enacted by 2003 Iowa
33 42 Acts, House File 692 or another Act, to the department
33 43 of economic development for the fiscal period
33 44 beginning July 1, 2003, and ending June 30, 2010, the
33 45 following amounts, or so much thereof as is necessary,
33 46 to be used for the purpose designated:
33 47 For endow Iowa grants to lead philanthropic
33 48 entities pursuant to section 15E.304:

33 49	FY 2003=2004.....	\$	200,000
33 50	FY 2004=2005.....	\$	200,000
34 1	FY 2005=2006.....	\$	200,000
34 2	FY 2006=2007.....	\$	200,000
34 3	FY 2007=2008.....	\$	200,000
34 4	FY 2008=2009.....	\$	200,000
34 5	FY 2009=2010.....	\$	200,000

34 6 2. Notwithstanding section 8.33, moneys that
34 7 remain unexpended at the end of a fiscal year shall
34 8 not revert to any fund but shall remain available for
34 9 expenditure for the designated purposes during the
34 10 succeeding fiscal year.
34 11 Sec. 83. ANTICIPATED FEDERAL MONEYS ==
34 12 APPROPRIATION.
34 13 1. There is appropriated from the fund created by
34 14 section 8.41, for the fiscal period beginning July 1,
34 15 2003, and ending June 30, 2005, the following amounts
34 16 to be used for the purpose designated:
34 17 For deposit in the grow Iowa fund created in
34 18 section 15G.107, if enacted by 2003 Iowa Acts, House
34 19 File 692 or another Act:

34 20	FY 2003=2004.....	\$	59,000,000
34 21	FY 2004=2005.....	\$	41,000,000

34 22 2. Moneys appropriateded in this section are moneys
34 23 anticipated to be received from the federal government
34 24 for state and local government fiscal relief under the
34 25 federal Jobs and Growth Tax Relief Reconciliation Act
34 26 of 2003 and shall be expended as provided in the
34 27 federal law making the moneys available and in
34 28 conformance with chapter 17A.
34 29 3. Notwithstanding section 8.33, moneys that
34 30 remain unexpended at the end of a fiscal year shall
34 31 not revert to any fund but shall remain available for
34 32 expenditure for the designated purposes during the
34 33 succeeding fiscal year.
34 34 Sec. 84. STREAMLINED SALES AND USE TAX REVENUE ==
34 35 APPROPRIATION.
34 36 1. There is appropriated from the general fund of
34 37 the state from moneys credited to the general fund of
34 38 the state as a result of entering into the streamlined
34 39 sales and use tax agreement, for the fiscal period
34 40 beginning July 1, 2003, and ending June 30, 2010, the
34 41 following amounts to be used for the purpose

34 42 designated:

34 43 For deposit in the grow Iowa fund created in
34 44 section 15G.107, if enacted by 2003 Iowa Acts, House
34 45 File 692 or another Act:

34 46	FY 2003=2004.....	\$ 5,000,000
34 47	FY 2004=2005.....	\$ 23,000,000
34 48	FY 2005=2006.....	\$ 75,000,000
34 49	FY 2006=2007.....	\$ 75,000,000
34 50	FY 2007=2008.....	\$ 75,000,000
35 1	FY 2008=2009.....	\$ 75,000,000
35 2	FY 2009=2010.....	\$ 75,000,000

35 3 2. For purposes of this section, "moneys credited
35 4 to the general fund of the state as a result of
35 5 entering into the streamlined sales and use tax
35 6 agreement" means the amount of sales and use tax
35 7 receipts credited to the general fund of the state
35 8 during a fiscal year that exceeds by two percent or
35 9 more the total sales and use tax receipts credited to
35 10 the general fund of the state during the previous
35 11 fiscal year.

35 12 3. If the moneys credited to the general fund of
35 13 the state as a result of entering into the streamlined
35 14 sales and use tax agreement during a fiscal year total
35 15 less than the amount appropriated in this section, the
35 16 appropriation in this section shall be reduced to
35 17 equal the total amount of the moneys so credited.

35 18 4. Notwithstanding section 8.33, moneys that
35 19 remain unexpended at the end of a fiscal year shall
35 20 not revert to any fund but shall remain available for
35 21 expenditure for the designated purposes during the
35 22 succeeding fiscal year.

35 23 DIVISION VIII

35 24 WORKFORCE-RELATED ISSUES

35 25 Sec. 85. NEW SECTION. 260C.18A WORKFORCE
35 26 TRAINING AND ECONOMIC DEVELOPMENT FUNDS.

35 27 1. a. A workforce training and economic
35 28 development fund is created for each community
35 29 college. Moneys shall be deposited and expended from
35 30 a fund as provided under this section.

35 31 b. Moneys in the funds shall consist of any moneys
35 32 appropriated by the general assembly and any other
35 33 moneys available to and obtained or accepted by the
35 34 department of economic development from federal
35 35 sources or private sources for placement in the funds.
35 36 Notwithstanding section 8.33, moneys in the funds at
35 37 the end of each fiscal year shall not revert to any
35 38 other fund but shall remain in the funds for
35 39 expenditure in subsequent fiscal years.

35 40 2. On July 1 of each year for the fiscal year
35 41 beginning July 1, 2003, and for every fiscal year
35 42 thereafter, moneys from the grow Iowa fund created in
35 43 section 15G.107, if enacted by 2003 Iowa Acts, House
35 44 File 692 or another Act, are appropriated to the
35 45 department of economic development for deposit in the
35 46 workforce training and economic development funds in
35 47 amounts determined pursuant to subsection 3. Moneys
35 48 deposited in the funds and disbursed to community
35 49 colleges for a fiscal year shall be expended for the
35 50 following purposes:

36 1 a. Projects in which an agreement between a
36 2 community college and an employer located within the
36 3 community college's merged area meet all of the
36 4 requirements of the accelerated career education
36 5 program under chapter 260G. However, moneys used by
36 6 the community colleges from the workforce training and
36 7 economic development fund for these projects shall be
36 8 in lieu of the program job credits provided under
36 9 chapter 260G. Projects using moneys from the
36 10 workforce training and economic development fund under
36 11 this paragraph shall be in accordance with rules
36 12 adopted by the department of economic development
36 13 under chapter 260G.

36 14 b. Projects in which an agreement between a
36 15 community college and a business meet all the
36 16 requirements of the Iowa jobs training Act under
36 17 chapter 260F. However, when moneys are provided
36 18 through the grow Iowa fund for such projects, section
36 19 260F.6, subsections 1 and 2, and section 260F.8 shall
36 20 not apply. Projects using moneys from the workforce
36 21 training and economic development fund under this
36 22 paragraph shall be in accordance with rules adopted by

36 23 the department of economic development under chapter
36 24 260F.

36 25 c. For the development and implementation of
36 26 career academies designed to provide new career
36 27 preparation opportunities for high school students
36 28 that are formally linked with postsecondary career and
36 29 technical education programs. Moneys from workforce
36 30 training and economic development funds that are
36 31 expended for purposes of this paragraph shall be in
36 32 accordance with the plan submitted to the department
36 33 of economic development and the grow Iowa board under
36 34 subsection 5. For purposes of this section, "career
36 35 academy" means a program of study that combines a
36 36 minimum of two years of secondary education with an
36 37 associate degree, or the equivalent, career
36 38 preparatory program in a nonduplicative, sequential
36 39 course of study that is standards based, integrates
36 40 academic and technical instruction, utilizes work=
36 41 based and worksite learning where appropriate and
36 42 available, utilizes an individual career planning
36 43 process with parent involvement, and leads to an
36 44 associate degree or postsecondary diploma or
36 45 certificate in a career field that prepares an
36 46 individual for entry and advancement in a high=skill
36 47 and reward career field and further education. The
36 48 state board of education, in conjunction with the
36 49 division of community colleges and workforce
36 50 preparation of the department of education, and in
37 1 consultation with the department of economic
37 2 development, shall adopt administrative rules for the
37 3 development and implementation of such career
37 4 academies pursuant to section 256.11, subsection 5,
37 5 paragraph "h", section 260C.1, and Title II of Pub. L.
37 6 No. 105=332, Carl D. Perkins Vocational and Technical
37 7 Education Act of 1998.

37 8 d. Programs and courses that provide vocational
37 9 and technical training, and programs for in=service
37 10 training and retraining under section 260C.1,
37 11 subsections 2 and 3.

37 12 3. Moneys from the workforce training and economic
37 13 development fund that are expended for purposes of
37 14 this subsection shall be in accordance with the plan
37 15 submitted to the department of economic development
37 16 and the grow Iowa board under subsection 5. The
37 17 maximum cumulative total amount of moneys that may be
37 18 deposited in all the workforce training and economic
37 19 development funds for distribution to community
37 20 colleges in a fiscal year shall be determined as
37 21 follows:

37 22 a. Six million dollars for the fiscal year
37 23 beginning July 1, 2003.

37 24 b. Eleven million dollars for the fiscal year
37 25 beginning July 1, 2004.

37 26 c. Twenty million dollars for the fiscal year
37 27 beginning July 1, 2005.

37 28 d. Twenty million dollars for the fiscal year
37 29 beginning July 1, 2006.

37 30 e. Twenty million dollars for the fiscal year
37 31 beginning July 1, 2007.

37 32 f. Fifteen million dollars for the fiscal year
37 33 beginning July 1, 2008.

37 34 g. Fifteen million dollars for the fiscal year
37 35 beginning July 1, 2009.

37 36 4. The department of economic development shall
37 37 allocate the moneys appropriated pursuant to this
37 38 section to the community college workforce training
37 39 and economic development funds utilizing the same
37 40 distribution formula used for the allocation of state
37 41 general aid to the community colleges.

37 42 5. Each community college shall do all of the
37 43 following:

37 44 a. Adopt a two=year workforce training and
37 45 economic development fund plan outlining the community
37 46 college's proposed use of moneys appropriated under
37 47 subsection 2.

37 48 b. Update the two=year plan annually.

37 49 c. Prepare an annual progress report on the two=
37 50 year plan's implementation.

38 1 d. Annually submit the two=year plan and progress
38 2 report to the department of economic development in a
38 3 manner prescribed by rules adopted by the department

38 4 pursuant to chapter 17A and annually file a copy of
38 5 the plan and progress report with the grow Iowa board.
38 6 6. Any individual project using over one million
38 7 dollars of moneys from a workforce training and
38 8 economic development fund shall require prior approval
38 9 from the grow Iowa board.

38 10 Sec. 86. NEW SECTION. 260F.9 JOB RETENTION
38 11 PROGRAM AND FUND.

38 12 1. A job retention fund is created in the state
38 13 treasury under the control of the department of
38 14 economic development to encourage the retention of
38 15 existing jobs and income that would otherwise be lost
38 16 and encourage large businesses to remain in the state.
38 17 Moneys shall be deposited and expended from the fund
38 18 as provided in this section.

38 19 2. There is appropriated from the grow Iowa fund
38 20 created in section 15G.107, if enacted by 2003 Iowa
38 21 Acts, House File 692 or another Act, to the department
38 22 of economic development for the fiscal period
38 23 beginning July 1, 2003, and ending June 30, 2006, the
38 24 following amounts to be used for funding of job
38 25 retention programs and agreements authorized by the
38 26 department and participating community colleges as
38 27 provided in this section:

38 28 a. One million dollars for the fiscal year
38 29 beginning July 1, 2003.

38 30 b. One million dollars for the fiscal year
38 31 beginning July 1, 2004.

38 32 c. One million dollars for the fiscal year
38 33 beginning July 1, 2005.

38 34 3. Notwithstanding section 8.33, moneys that
38 35 remain unexpended at the end of a fiscal year shall
38 36 not revert to any fund but shall remain available for
38 37 expenditure for the designated purposes during the
38 38 succeeding fiscal year.

38 39 4. The department of economic development shall
38 40 administer the allocation of moneys in the job
38 41 retention fund and shall administer the job retention
38 42 program. The department shall adopt rules pursuant to
38 43 chapter 17A necessary for the administration of this
38 44 section. By January 15 of each year, the department
38 45 shall submit a written report to the general assembly
38 46 and the governor regarding the activities of the job
38 47 retention program during the previous calendar year.

38 48 5. A community college and the department may
38 49 enter into an agreement to establish a job retention
38 50 project. A job retention project agreement shall
39 1 include, but not be limited to, the following:

39 2 a. The date of the agreement.

39 3 b. The anticipated number of employees to be
39 4 trained.

39 5 c. The estimated cost of training.

39 6 d. A statement regarding the number of employees
39 7 employed by the participating business on the date of
39 8 the agreement which must equal at least the lesser of
39 9 one thousand employees or four percent or more of the
39 10 county's resident labor force based on the most recent
39 11 annual labor force statistics from the department of
39 12 workforce development.

39 13 e. A commitment that the participating business
39 14 shall invest at least fifteen million dollars to
39 15 retool the workplace and upgrade the facilities of the
39 16 participating business.

39 17 f. A commitment that the participating business
39 18 shall not move the business operation out of this
39 19 state or close the business operation for at least ten
39 20 years following the date of the agreement.

39 21 g. Other criteria established by the department of
39 22 economic development.

39 23 6. A job retention project agreement entered into
39 24 pursuant to this section must be approved by the board
39 25 of trustees of the applicable community college, the
39 26 department of economic development, and the
39 27 participating business.

39 28 Sec. 87. NEW SECTION. 260F.101 REPORTING.

39 29 A community college entering into an agreement
39 30 pursuant to this chapter shall submit an annual
39 31 written report by the end of each calendar year with
39 32 the grow Iowa board created in section 15G.102, if
39 33 enacted by 2003 Iowa Acts, House File 692 or another
39 34 Act. The report shall provide information regarding

39 35 how the agreement affects the achievement of the goals
39 36 and performance measures provided in section 15G.106,
39 37 if enacted by 2003 Iowa Acts, House File 692 or
39 38 another Act.

39 39 Sec. 88. Section 260G.3, subsection 2, Code 2003,
39 40 is amended to read as follows:

39 41 2. An agreement may include reasonable and
39 42 necessary provisions to implement the accelerated
39 43 career education program. If an agreement that
39 44 utilizes program job credits is entered into, the

39 45 community college and the employer shall notify the
39 46 department of revenue and finance as soon as possible.
39 47 The community college shall also file a copy of the
39 48 agreement with the department of economic development
39 49 as required in section 260G.4B. The agreement shall
39 50 provide for program costs, including deferred costs,
40 1 which may be paid from any of the following sources:

40 2 a. Program job credits which the employer receives
40 3 based on the number of program job positions agreed to
40 4 by the employer to be available under the agreement.

40 5 b. Cash or in-kind contributions by the employer
40 6 toward the program cost. At a minimum, the employer
40 7 contribution shall be twenty percent of the program
40 8 costs.

40 9 c. Tuition, student fees, or special charges fixed
40 10 by the board of directors to defray program costs.

40 11 d. Guarantee by the employer of payments to be
40 12 received under paragraphs "a" and "b".

40 13 e. Moneys from a workforce training and economic
40 14 development fund created in section 260C.18A, based on

40 15 the number of program job positions agreed to by the
40 16 employer to be available under the agreement, the

40 17 amount of which shall be calculated in the same manner
40 18 as the program job credits provided for in section

40 19 260G.4A.

40 20 Sec. 89. NEW SECTION. 260G.101 REPORTING.

40 21 A community college entering into an agreement
40 22 pursuant to this chapter shall submit an annual
40 23 written report by the end of each calendar year with
40 24 the grow Iowa board created in section 15G.102, if
40 25 enacted by 2003 Iowa Acts, House File 692 or another
40 26 Act. The report shall provide information regarding
40 27 how the agreement affects the achievement of the goals
40 28 and performance measures provided in section 15G.106,
40 29 if enacted by 2003 Iowa Acts, House File 692 or
40 30 another Act.

40 31 DIVISION IX

40 32 LOAN AND CREDIT GUARANTEE FUND

40 33 Sec. 90. NEW SECTION. 15E.227 LOAN AND CREDIT
40 34 GUARANTEE FUND.

40 35 1. A loan and credit guarantee fund is created and
40 36 established as a separate and distinct fund in the
40 37 state treasury. Moneys in the fund shall only be used
40 38 for purposes provided in this section. The moneys in
40 39 the fund are appropriated to the department to be used
40 40 for all of the following purposes:

40 41 a. Payment of claims pursuant to loan and credit
40 42 guarantee agreements entered into under this division.

40 43 b. Payment of administrative costs of the
40 44 department for actual and necessary administrative
40 45 expenses incurred by the department in administering
40 46 the program.

40 47 c. Purchase or buyout of superior or prior liens,
40 48 mortgages, or security interests.

40 49 2. Moneys in the loan and credit guarantee fund
40 50 shall consist of all of the following:

41 1 a. Moneys appropriated by the general assembly for
41 2 that purpose and any other moneys available to and
41 3 obtained or accepted by the department for placement
41 4 in the fund.

41 5 b. Proceeds from collateral assigned to the
41 6 department, fees for guarantees, gifts, and moneys
41 7 from any grant made to the fund by any federal agency.

41 8 c. Moneys appropriated from the grow Iowa fund
41 9 created in section 15G.107, if enacted by 2003 Iowa
41 10 Acts, House File 692 or another Act.

41 11 3. Moneys in the fund are not subject to section
41 12 8.33. Notwithstanding section 12C.7, interest or
41 13 earnings on the moneys in the fund shall be credited
41 14 to the fund.

41 15 4. a. The department shall only pledge moneys in

41 16 the loan and credit guarantee fund and not any other
41 17 moneys of the department. The department may pledge
41 18 an amount not to exceed a total of any of the
41 19 following amounts of moneys in the fund to assure the
41 20 repayment of loan and credit guarantees or other
41 21 extensions of credit made to or on behalf of qualified
41 22 businesses or targeted industry businesses for
41 23 eligible project costs.

41 24 (1) Two million five hundred thousand dollars for
41 25 the fiscal year beginning July 1, 2003.

41 26 (2) Seven million five hundred thousand dollars
41 27 for the fiscal year beginning July 1, 2004.

41 28 (3) Eight million five hundred seventy-five
41 29 thousand dollars for the fiscal year beginning July 1,
41 30 2005.

41 31 (4) Eleven million seventy-five thousand dollars
41 32 for the fiscal year beginning July 1, 2006.

41 33 (5) Thirteen million seventy-five thousand dollars
41 34 for the fiscal year beginning July 1, 2007.

41 35 (6) Thirty-five million seventy-five thousand
41 36 dollars for the fiscal year beginning July 1, 2008.

41 37 (7) Thirty-seven million five hundred seventy-five
41 38 thousand dollars for the fiscal year beginning July 1,
41 39 2009.

41 40 b. The department shall not pledge the credit or
41 41 taxing power of this state or any political
41 42 subdivision of this state or make debts payable out of
41 43 any moneys except for those in the loan and credit
41 44 guarantee fund.

41 45 DIVISION X
41 46 UNIVERSITY-BASED RESEARCH UTILIZATION
41 47 PROGRAM APPROPRIATION

41 48 Sec. 91. NEW SECTION. 262B.12 APPROPRIATION.

41 49 On July 1 of each year there is appropriated from
41 50 the general fund of the state to each university under
42 1 the control of the state board of regents, an amount
42 2 equal to the amount determined by the department of
42 3 economic development pursuant to section 262B.11,
42 4 subsection 4, paragraph "c", subparagraph (2), if
42 5 enacted by 2003 Iowa Acts, House File 692 or another
42 6 Act.

42 7 DIVISION XI
42 8 ENDOW IOWA TAX CREDIT

42 9 Sec. 92. NEW SECTION. 15E.305 ENDOW IOWA TAX
42 10 CREDIT.

42 11 1. For tax years beginning on or after January 1,
42 12 2003, a tax credit shall be allowed against the taxes
42 13 imposed in chapter 422, divisions II, III, and V, and
42 14 in chapter 432, and against the moneys and credits tax
42 15 imposed in section 533.24 equal to twenty percent of a
42 16 taxpayer's endowment gift to a qualified community
42 17 foundation. An individual may claim a tax credit
42 18 under this section of a partnership, limited liability
42 19 company, S corporation, estate, or trust electing to
42 20 have income taxed directly to the individual. The
42 21 amount claimed by the individual shall be based upon
42 22 the pro rata share of the individual's earnings from
42 23 the partnership, limited liability company, S
42 24 corporation, estate, or trust. A tax credit shall be
42 25 allowed only for an endowment gift made to a qualified
42 26 community foundation for a permanent endowment fund
42 27 established to benefit a charitable cause in this
42 28 state. Any tax credit in excess of the taxpayer's tax
42 29 liability for the tax year may be credited to the tax
42 30 liability for the following five years or until
42 31 depleted, whichever occurs first. A tax credit shall
42 32 not be carried back to a tax year prior to the tax
42 33 year in which the taxpayer claims the tax credit.

42 34 2. The aggregate amount of tax credits authorized
42 35 pursuant to this section shall not exceed a total of
42 36 two million dollars. The maximum amount of tax
42 37 credits granted to a taxpayer shall not exceed five
42 38 percent of the aggregate amount of tax credits
42 39 authorized.

42 40 3. A tax credit shall not be transferable to any
42 41 other taxpayer.

42 42 4. A tax credit shall not be authorized pursuant
42 43 to this section after December 31, 2005.

42 44 5. The department shall develop a system for
42 45 registration and authorization of tax credits under
42 46 this section and shall control the distribution of all

42 47 tax credits to taxpayers providing an endowment gift
42 48 subject to this section. The department shall adopt
42 49 administrative rules pursuant to chapter 17A for the
42 50 qualification and administration of endowment gifts.

43 1 Sec. 93. NEW SECTION. 422.11H ENDOW IOWA TAX
43 2 CREDIT.

43 3 The tax imposed under this division, less the
43 4 credits allowed under sections 422.12 and 422.12B,
43 5 shall be reduced by an endow Iowa tax credit
43 6 authorized pursuant to section 15E.305.

43 7 Sec. 94. Section 422.33, Code 2003, is amended by
43 8 adding the following new subsection:

43 9 NEW SUBSECTION. 14. The taxes imposed under this
43 10 division shall be reduced by an endow Iowa tax credit
43 11 authorized pursuant to section 15E.305.

43 12 Sec. 95. Section 422.60, Code 2003, is amended by
43 13 adding the following new subsection:

43 14 NEW SUBSECTION. 7. The taxes imposed under this
43 15 division shall be reduced by an endow Iowa tax credit
43 16 authorized pursuant to section 15E.305.

43 17 Sec. 96. NEW SECTION. 432.12D ENDOW IOWA TAX
43 18 CREDIT.

43 19 The tax imposed under this chapter shall be reduced
43 20 by an endow Iowa tax credit authorized pursuant to
43 21 section 15E.305.

43 22 Sec. 97. Section 533.24, Code 2003, is amended by
43 23 adding the following new unnumbered paragraph:

43 24 NEW UNNUMBERED PARAGRAPH. The moneys and credits
43 25 tax imposed under this section shall be reduced by an
43 26 endow Iowa tax credit authorized pursuant to section
43 27 15E.305.

43 28 Sec. 98. EFFECTIVE AND RETROACTIVE APPLICABILITY
43 29 DATES. This division of this Act, being deemed of
43 30 immediate importance, takes effect upon enactment and
43 31 is retroactively applicable to January 1, 2003, for
43 32 tax years beginning on or after that date.

43 33 DIVISION XII

43 34 REHABILITATION PROJECT TAX CREDITS

43 35 Sec. 99. Section 404A.4, subsection 4, Code 2003,
43 36 is amended to read as follows:

43 37 4. The total amount of tax credits that may be
43 38 approved for a fiscal year under this chapter shall
43 39 not exceed two million four hundred thousand dollars.
43 40 For the fiscal years beginning July 1, 2003, and July
43 41 1, 2004, an additional two million dollars of tax
43 42 credits may be approved each fiscal year for purposes
43 43 of projects located in cultural and entertainment
43 44 districts certified pursuant to section 303.3B, if
43 45 enacted by 2003 Iowa Acts, House File 692 or another
43 46 Act. Any of the additional tax credits allocated for
43 47 projects located in certified cultural and
43 48 entertainment districts that are not approved during a
43 49 fiscal year may be carried over to the succeeding
43 50 fiscal year. Tax credit certificates shall be issued

44 1 on the basis of the earliest awarding of
44 2 certifications of completion as provided in subsection
44 3 1. The departments of economic development and
44 4 revenue and finance shall each adopt rules to jointly
44 5 administer this subsection and shall provide by rule
44 6 for the method to be used to determine for which
44 7 fiscal year the tax credits are approved.

44 8 DIVISION XIII

44 9 STATE ASSISTANCE FOR EDUCATIONAL INFRASTRUCTURE FUND
44 10 Sec. 100. Section 8.57, subsection 5, Code 2003,
44 11 is amended by adding the following new paragraph:

44 12 NEW PARAGRAPH. f. There is appropriated from the
44 13 rebuild Iowa infrastructure fund to the state
44 14 assistance for educational infrastructure fund created
44 15 in 2003 Iowa Acts, House File 692 or another Act, for
44 16 each fiscal year of the fiscal period beginning July
44 17 1, 2004, and ending June 30, 2014, the amount of the
44 18 moneys in excess of the first forty-seven million
44 19 dollars credited to the rebuild Iowa infrastructure
44 20 fund during the fiscal year, not to exceed ten million
44 21 dollars.

44 22 Sec. 101. NEW SECTION. 292A.3A APPROPRIATION.

44 23 There is appropriated from the general fund of the
44 24 state from moneys credited to the general fund of the
44 25 state as a result of the state entering into the
44 26 streamlined sales and use tax agreement to the state
44 27 assistance for educational infrastructure fund created

44 28 in 2003 Iowa Acts, House File 692 or another Act, the
44 29 sum of five million dollars for each fiscal year of
44 30 the fiscal period beginning July 1, 2004, and ending
44 31 June 30, 2014. The appropriation in this section
44 32 shall be made after the appropriation from the same
44 33 source to the grow Iowa fund created in 2003 Iowa
44 34 Acts, House File 692 or another Act. For purposes of
44 35 this section, "moneys credited to the general fund of
44 36 the state as a result of entering into the streamlined
44 37 sales and use tax agreement" means the amount of sales
44 38 and use tax receipts credited to the general fund of
44 39 the state during a fiscal year that exceeds by two
44 40 percent or more the total sales and use tax receipts
44 41 credited to the general fund of the state during the
44 42 previous fiscal year.

44 43 DIVISION XIV
44 44 REPEALS

44 45 Sec. 102. The divisions of this Act designated
44 46 economic development appropriations, workforce-related
44 47 issues, loan and credit guarantee fund, university=
44 48 based research utilization program appropriation,
44 49 endow Iowa tax credit, and rehabilitation project tax
44 50 credits are repealed effective June 30, 2010.

45 1 DIVISION XV
45 2 STREAMLINED SALES AND USE TAXES
45 3 SUBCHAPTER I
45 4 DEFINITIONS

45 5 Sec. 103. NEW SECTION. 423.1 DEFINITIONS.

45 6 As used in this chapter the following words, terms,
45 7 and phrases have the meanings ascribed to them by this
45 8 section, except where the context clearly indicates
45 9 that a different meaning is intended:

45 10 1. "Agent" means a person appointed by a seller to
45 11 represent the seller before the member states.

45 12 2. "Agreement" means the streamlined sales and use
45 13 tax agreement authorized by subchapter IV of this
45 14 chapter to provide a mechanism for establishing and
45 15 maintaining a cooperative, simplified system for the
45 16 application and administration of sales and use taxes.

45 17 3. "Agricultural production" includes the
45 18 production of flowering, ornamental, or vegetable
45 19 plants in commercial greenhouses or otherwise, and
45 20 production from aquaculture. "Agricultural products"
45 21 includes flowering, ornamental, or vegetable plants
45 22 and those products of aquaculture.

45 23 4. "Business" includes any activity engaged in by
45 24 any person or caused to be engaged in by the person
45 25 with the object of gain, benefit, or advantage, either
45 26 direct or indirect.

45 27 5. "Certificate of title" means a certificate of
45 28 title issued for a vehicle or for manufactured housing
45 29 under chapter 321.

45 30 6. "Certified automated system" means software
45 31 certified under the agreement to calculate the tax
45 32 imposed by each jurisdiction on a transaction,
45 33 determine the amount of tax to remit to the
45 34 appropriate state, and maintain a record of the
45 35 transaction.

45 36 7. "Certified service provider" means an agent
45 37 certified under the agreement to perform all of a
45 38 seller's sales or use tax functions, other than the
45 39 seller's obligation to remit tax on its own purchases.

45 40 8. "Computer" means an electronic device that
45 41 accepts information in digital or similar form and
45 42 manipulates the information for a result based on a
45 43 sequence of instructions.

45 44 9. "Computer software" means a set of coded
45 45 instructions designed to cause a computer or automatic
45 46 data processing equipment to perform a task.

45 47 10. "Delivered electronically" means delivered to
45 48 the purchaser by means other than tangible storage
45 49 media.

45 50 11. "Delivery charges" means charges assessed by a
46 1 seller of personal property or services for
46 2 preparation and delivery to a location designated by
46 3 the purchaser of personal property or services
46 4 including, but not limited to, transportation,
46 5 shipping, postage, handling, crating, and packing
46 6 charges.

46 7 12. "Department" means the department of revenue
46 8 and finance.

46 9 13. "Direct mail" means printed material delivered
46 10 or distributed by United States mail or other delivery
46 11 service to a mass audience or to addressees on a
46 12 mailing list provided by the purchaser or at the
46 13 direction of the purchaser when the cost of the items
46 14 is not billed directly to the recipients. "Direct
46 15 mail" includes tangible personal property supplied
46 16 directly or indirectly by the purchaser to the direct
46 17 mail seller for inclusion in the package containing
46 18 the printed material. "Direct mail" does not include
46 19 multiple items of printed material delivered to a
46 20 single address.

46 21 14. "Director" means the director of revenue and
46 22 finance.

46 23 15. "Electronic" means relating to technology
46 24 having electrical, digital, magnetic, wireless,
46 25 optical, electromagnetic, or similar capabilities.

46 26 16. "Farm deer" means the same as defined in
46 27 section 189A.2.

46 28 17. "Farm machinery and equipment" means machinery
46 29 and equipment used in agricultural production.

46 30 18. "First use of a service". A "first use of a
46 31 service" occurs, for the purposes of this chapter,
46 32 when a service is rendered, furnished, or performed in
46 33 Iowa or if rendered, furnished, or performed outside
46 34 of Iowa, when the product or result of the service is
46 35 used in Iowa.

46 36 19. "Goods, wares, or merchandise" means the same
46 37 as tangible personal property.

46 38 20. "Governing board" means the group comprised of
46 39 representatives of the member states of the agreement
46 40 which is created by the agreement to be responsible
46 41 for the agreement's administration and operation.

46 42 21. "Installed purchase price" is the amount
46 43 charged, valued in money whether paid in money or
46 44 otherwise, by a building contractor to convert
46 45 manufactured housing from tangible personal property
46 46 into realty. "Installed purchase price" includes, but
46 47 is not limited to, amounts charged for installing a
46 48 foundation and electrical and plumbing hookups.
46 49 "Installed purchase price" excludes any amount charged
46 50 for landscaping in connection with the conversion.

47 1 22. "Lease or rental".

47 2 a. "Lease or rental" means any transfer of
47 3 possession or control of tangible personal property
47 4 for a fixed or indeterminate term for consideration.
47 5 A "lease or rental" may include future options to
47 6 purchase or extend.

47 7 b. "Lease or rental" includes agreements covering
47 8 motor vehicles and trailers when the amount of
47 9 consideration may be increased or decreased by
47 10 reference to the amount realized upon sale or
47 11 disposition of the property as defined in 26 U.S.C. }
47 12 7701(h)(1).

47 13 c. "Lease or rental" does not include any of the
47 14 following:

47 15 (1) A transfer of possession or control of
47 16 property under a security agreement or deferred
47 17 payment plan that requires the transfer of title upon
47 18 completion of the required payments.

47 19 (2) A transfer of possession or control of
47 20 property under an agreement that requires the transfer
47 21 of title upon completion of required payments, and
47 22 payment of any option price does not exceed the
47 23 greater of one hundred dollars or one percent of the
47 24 total required payments.

47 25 (3) Providing tangible personal property along
47 26 with an operator for a fixed or indeterminate period
47 27 of time. A condition of this exclusion is that the
47 28 operator is necessary for the equipment to perform as
47 29 designed. For the purpose of this subparagraph, an
47 30 operator must do more than maintain, inspect, or set
47 31 up the tangible personal property.

47 32 d. This definition shall be used for sales and use
47 33 tax purposes regardless of whether a transaction is
47 34 characterized as a lease or rental under generally
47 35 accepted accounting principles, the Internal Revenue
47 36 Code, the Uniform Commercial Code, or other provisions
47 37 of federal, state, or local law.

47 38 23. "Livestock" includes but is not limited to an
47 39 animal classified as an ostrich, rhea, emu, bison, or

47 40 farm deer.

47 41 24. "Manufactured housing" means "manufactured
47 42 home" as defined in section 321.1.

47 43 25. "Member state" is any state which has signed
47 44 the agreement.

47 45 26. "Mobile home" means "manufactured or mobile
47 46 home" as defined in section 321.1.

47 47 27. "Model 1 seller" is a seller that has selected
47 48 a certified service provider as its agent to perform
47 49 all the seller's sales and use tax functions, other
47 50 than the seller's obligation to remit tax on its own
48 1 purchases.

48 2 28. "Model 2 seller" is a seller that has selected
48 3 a certified automated system to perform part of its
48 4 sales and use tax functions, but retains
48 5 responsibility for remitting the tax.

48 6 29. "Model 3 seller" is a seller that has sales in
48 7 at least five member states, has total annual sales
48 8 revenue of at least five hundred million dollars, has
48 9 a proprietary system that calculates the amount of tax
48 10 due each jurisdiction, and has entered into a
48 11 performance agreement with the member states that
48 12 establishes a tax performance standard for the seller.
48 13 As used in this definition, a "seller" includes an
48 14 affiliated group of sellers using the same proprietary
48 15 system.

48 16 30. "Nonresidential commercial operations" means
48 17 industrial, commercial, mining, or agricultural
48 18 operations, whether for profit or not, but does not
48 19 include apartment complexes or mobile home parks.

48 20 31. "Not registered under the agreement" means
48 21 lack of registration by a seller with the member
48 22 states under the central registration system
48 23 referenced in section 423.11, subsection 4.

48 24 32. "Person" means an individual, trust, estate,
48 25 fiduciary, partnership, limited liability company,
48 26 limited liability partnership, corporation, or any
48 27 other legal entity.

48 28 33. "Place of business" means any warehouse,
48 29 store, place, office, building, or structure where
48 30 goods, wares, or merchandise are offered for sale at
48 31 retail or where any taxable amusement is conducted, or
48 32 each office where gas, water, heat, communication, or
48 33 electric services are offered for sale at retail.

48 34 When a retailer or amusement operator sells
48 35 merchandise by means of vending machines or operates
48 36 music or amusement devices by coin-operated machines
48 37 at more than one location within the state, the
48 38 office, building, or place where the books, papers,
48 39 and records of the taxpayer are kept shall be deemed
48 40 to be the taxpayer's place of business.

48 41 34. "Prewritten computer software" includes
48 42 software designed and developed by the author or other
48 43 creator to the specifications of a specific purchaser
48 44 when it is sold to a person other than the purchaser.
48 45 The combining of two or more prewritten computer
48 46 software programs or prewritten portions of prewritten
48 47 programs does not cause the combination to be other
48 48 than prewritten computer software. "Prewritten
48 49 computer software" also means computer software,
48 50 including prewritten upgrades, which is not designed
49 1 and developed by the author or other creator to the
49 2 specifications of a specific purchaser.

49 3 When a person modifies or enhances computer
49 4 software of which the person is not the author or
49 5 creator, the person shall be deemed to be the author
49 6 or creator only of such person's modifications or
49 7 enhancements. Prewritten computer software or a
49 8 prewritten portion of the prewritten software that is
49 9 modified or enhanced to any degree, when such
49 10 modification or enhancement is designed and developed
49 11 to the specifications of a specific purchaser, remains
49 12 prewritten computer software. However, when there is
49 13 a reasonable, separately stated charge or an invoice
49 14 or other statement of the price given to the purchaser
49 15 for such modification or enhancement, such
49 16 modification or enhancement shall not constitute
49 17 prewritten computer software.

49 18 35. "Property purchased for resale in connection
49 19 with the performance of a service" means property
49 20 which is purchased for resale in connection with the

49 21 rendition, furnishing, or performance of a service by
49 22 a person who renders, furnishes, or performs the
49 23 service if all of the following occur:
49 24 a. The provider and user of the service intend
49 25 that a sale of the property will occur.
49 26 b. The property is transferred to the user of the
49 27 service in connection with the performance of the
49 28 service in a form or quantity capable of a fixed or
49 29 definite price value.
49 30 c. The sale is evidenced by a separate charge for
49 31 the identifiable piece of property.
49 32 36. "Purchase" means any transfer, exchange, or
49 33 barter, conditional or otherwise, in any manner or by
49 34 any means whatsoever, for a consideration.
49 35 37. "Purchase price" means the same as "sales
49 36 price" as defined in this section.
49 37 38. "Purchaser" is a person to whom a sale of
49 38 personal property is made or to whom a service is
49 39 furnished.
49 40 39. "Receive" and "receipt" mean any of the
49 41 following:
49 42 a. Taking possession of tangible personal
49 43 property.
49 44 b. Making first use of a service.
49 45 c. Taking possession or making first use of
49 46 digital goods, whichever comes first.
49 47 "Receive" and "receipt" do not include possession
49 48 by a shipping company on behalf of a purchaser.
49 49 40. "Registered under the agreement" means
49 50 registration by a seller under the central
50 1 registration system referenced in section 423.11,
50 2 subsection 4.
50 3 41. "Relief agency" means the state, any county,
50 4 city and county, city, or district thereof, or any
50 5 agency engaged in actual relief work.
50 6 42. "Retailer" means and includes every person
50 7 engaged in the business of selling tangible personal
50 8 property or taxable services at retail, or the
50 9 furnishing of gas, electricity, water, or
50 10 communication service, and tickets or admissions to
50 11 places of amusement and athletic events or operating
50 12 amusement devices or other forms of commercial
50 13 amusement from which revenues are derived. However,
50 14 when in the opinion of the director it is necessary
50 15 for the efficient administration of this chapter to
50 16 regard any salespersons, representatives, truckers,
50 17 peddlers, or canvassers as agents of the dealers,
50 18 distributors, supervisors, employers, or persons under
50 19 whom they operate or from whom they obtain tangible
50 20 personal property sold by them irrespective of whether
50 21 or not they are making sales on their own behalf or on
50 22 behalf of such dealers, distributors, supervisors,
50 23 employers, or persons, the director may so regard
50 24 them, and may regard such dealers, distributors,
50 25 supervisors, employers, or persons as retailers for
50 26 the purposes of this chapter. "Retailer" includes a
50 27 seller obligated to collect sales or use tax.
50 28 43. "Retailer maintaining a place of business in
50 29 this state" or any like term includes any retailer
50 30 having or maintaining within this state, directly or
50 31 by a subsidiary, an office, distribution house, sales
50 32 house, warehouse, or other place of business, or any
50 33 representative operating within this state under the
50 34 authority of the retailer or its subsidiary,
50 35 irrespective of whether that place of business or
50 36 representative is located here permanently or
50 37 temporarily, or whether the retailer or subsidiary is
50 38 admitted to do business within this state pursuant to
50 39 chapter 490.
50 40 44. "Retailers who are not model sellers" means
50 41 all retailers other than model 1, model 2, or model 3
50 42 sellers.
50 43 45. "Retail sale" or "sale at retail" means any
50 44 sale, lease, or rental for any purpose other than
50 45 resale, sublease, or subrent.
50 46 46. "Sales" or "sale" means any transfer,
50 47 exchange, or barter, conditional or otherwise, in any
50 48 manner or by any means whatsoever, for consideration.
50 49 47. "Sales price" applies to the measure subject
50 50 to sales tax.
51 1 a. "Sales price" means the total amount of

51 2 consideration, including cash, credit, property, and
51 3 services, for which personal property or services are
51 4 sold, leased, or rented, valued in money, whether
51 5 received in money or otherwise, without any deduction
51 6 for any of the following:

- 51 7 (1) The seller's cost of the property sold.
- 51 8 (2) The cost of materials used, labor or service
51 9 cost, interest, losses, all costs of transportation to
51 10 the seller, all taxes imposed on the seller, and any
51 11 other expenses of the seller.
- 51 12 (3) Charges by the seller for any services
51 13 necessary to complete the sale, other than delivery
51 14 and installation charges.
- 51 15 (4) Delivery charges.
- 51 16 (5) Installation charges.
- 51 17 (6) The value of exempt personal property given to
51 18 the purchaser where taxable and exempt personal
51 19 property have been bundled together and sold by the
51 20 seller as a single product or piece of merchandise.
- 51 21 (7) Credit for any trade-in authorized by section
51 22 423.3, subsection 58.

51 23 b. "Sales price" does not include:

- 51 24 (1) Discounts, including cash, term, or coupons
51 25 that are not reimbursed by a third party that are
51 26 allowed by a seller and taken by a purchaser on a
51 27 sale.
- 51 28 (2) Interest, financing, and carrying charges from
51 29 credit extended on the sale of personal property or
51 30 services, if the amount is separately stated on the
51 31 invoice, bill of sale, or similar document given to
51 32 the purchaser.
- 51 33 (3) Any taxes legally imposed directly on the
51 34 consumer that are separately stated on the invoice,
51 35 bill of sale, or similar document given to the
51 36 purchaser.
- 51 37 (4) The amounts received for charges included in
51 38 paragraph "a", subparagraphs (3) through (7), if they
51 39 are separately contracted for and separately stated on
51 40 the invoice, billing, or similar document given to the
51 41 purchaser.

51 42 48. "Sales tax" means the tax levied under
51 43 subchapter II of this chapter.

51 44 49. "Seller" means any person making sales,
51 45 leases, or rentals of personal property or services.

51 46 50. "Services" means all acts or services
51 47 rendered, furnished, or performed, other than services
51 48 used in processing of tangible personal property for
51 49 use in retail sales or services, for an employer, as
51 50 defined in section 422.4, subsection 3, for a valuable
52 1 consideration by any person engaged in any business or
52 2 occupation specifically enumerated in section 423.2.

52 3 The tax shall be due and collectible when the service
52 4 is rendered, furnished, or performed for the ultimate
52 5 user of the service.

52 6 51. "Services used in the processing of tangible
52 7 personal property" includes the reconditioning or
52 8 repairing of tangible personal property of the type
52 9 normally sold in the regular course of the retailer's
52 10 business and which is held for sale.

52 11 52. "State" means any state of the United States
52 12 and the District of Columbia.

52 13 53. "System" means the central electronic
52 14 registration system maintained by Iowa and other
52 15 states which are signatories to the agreement.

52 16 54. "Tangible personal property" means personal
52 17 property that can be seen, weighed, measured, felt, or
52 18 touched, or that is in any other manner perceptible to
52 19 the senses. "Tangible personal property" includes
52 20 electricity, water, gas, steam, and prewritten
52 21 computer software.

52 22 55. "Taxpayer" includes any person who is subject
52 23 to a tax imposed by this chapter, whether acting on
52 24 the person's own behalf or as a fiduciary.

52 25 56. "Trailer" shall mean every trailer, as is now
52 26 or may be hereafter so defined by chapter 321, which
52 27 is required to be registered or is subject only to the
52 28 issuance of a certificate of title under chapter 321.

52 29 57. "Use" means and includes the exercise by any
52 30 person of any right or power over tangible personal
52 31 property incident to the ownership of that property.
52 32 A retailer's or building contractor's sale of

52 33 manufactured housing for use in this state, whether in
52 34 the form of tangible personal property or of realty,
52 35 is a use of that property for the purposes of this
52 36 chapter.

52 37 58. "Use tax" means the tax levied under
52 38 subchapter III of this chapter for which the retailer
52 39 collects and remits tax to the department.

52 40 59. "User" means the immediate recipient of the
52 41 services who is entitled to exercise a right of power
52 42 over the product of such services.

52 43 60. "Value of services" means the price to the
52 44 user exclusive of any direct tax imposed by the
52 45 federal government or by this chapter.

52 46 61. "Vehicles subject to registration" means any
52 47 vehicle subject to registration pursuant to section
52 48 321.18.

52 49 SUBCHAPTER II

52 50 SALES TAX

53 1 Sec. 104. NEW SECTION. 423.2 TAX IMPOSED.

53 2 1. There is imposed a tax of five percent upon the
53 3 sales price of all sales of tangible personal
53 4 property, consisting of goods, wares, or merchandise,
53 5 sold at retail in the state to consumers or users
53 6 except as otherwise provided in this subchapter.

53 7 a. For the purposes of this subchapter, sales of
53 8 the following services are treated as if they were
53 9 sales of tangible personal property:

53 10 (1) Sales of engraving, photography, retouching,
53 11 printing, and binding services.

53 12 (2) Sales of vulcanizing, recapping, and
53 13 retreading services.

53 14 (3) Sales of prepaid telephone calling cards and
53 15 prepaid authorization numbers.

53 16 (4) Sales of optional service or warranty
53 17 contracts, except residential service contracts
53 18 regulated under chapter 523C, which provide for the
53 19 furnishing of labor and materials and require the
53 20 furnishing of any taxable service enumerated under
53 21 this section. The sales price is subject to tax even
53 22 if some of the services furnished are not enumerated
53 23 under this section. Additional sales, services, or
53 24 use taxes shall not be levied on services, parts, or
53 25 labor provided under optional service or warranty
53 26 contracts which are subject to tax under this
53 27 subsection.

53 28 If the optional service or warranty contract is a
53 29 computer software maintenance or support service
53 30 contract and there is no separately stated fee for the
53 31 taxable personal property or for the nontaxable
53 32 service, the tax imposed by this subsection shall be
53 33 imposed on fifty percent of the sales price from the
53 34 sale of such contract. If the contract provides for
53 35 technical support services only, no tax shall be
53 36 imposed under this subsection. The provisions of this
53 37 subparagraph (4) also apply to the use tax.

53 38 (5) Renting of rooms, apartments, or sleeping
53 39 quarters in a hotel, motel, inn, public lodging house,
53 40 rooming house, mobile home which is tangible personal
53 41 property, or tourist court, or in any place where
53 42 sleeping accommodations are furnished to transient
53 43 guests for rent, whether with or without meals.
53 44 "Renting" and "rent" include any kind of direct or
53 45 indirect charge for such rooms, apartments, or
53 46 sleeping quarters, or their use. However, the tax
53 47 does not apply to the sales price from the renting of
53 48 a room, apartment, or sleeping quarters while rented
53 49 by the same person for a period of more than thirty=
53 50 one consecutive days.

54 1 b. Sales of building materials, supplies, and
54 2 equipment to owners, contractors, subcontractors, or
54 3 builders for the erection of buildings or the
54 4 alteration, repair, or improvement of real property
54 5 are retail sales of tangible personal property in
54 6 whatever quantity sold. Where the owner, contractor,
54 7 subcontractor, or builder is also a retailer holding a
54 8 retail sales tax permit and transacting retail sales
54 9 of building materials, supplies, and equipment, the
54 10 person shall purchase such items of tangible personal
54 11 property without liability for the tax if such
54 12 property will be subject to the tax at the time of
54 13 resale or at the time it is withdrawn from inventory

54 14 for construction purposes. The sales tax shall be due
54 15 in the reporting period when the materials, supplies,
54 16 and equipment are withdrawn from inventory for
54 17 construction purposes or when sold at retail. The tax
54 18 shall not be due when materials are withdrawn from
54 19 inventory for use in construction outside of Iowa and
54 20 the tax shall not apply to tangible personal property
54 21 purchased and consumed by the manufacturer as building
54 22 materials in the performance by the manufacturer or
54 23 its subcontractor of construction outside of Iowa.
54 24 The sale of carpeting is not a sale of building
54 25 materials. The sale of carpeting to owners,
54 26 contractors, subcontractors, or builders shall be
54 27 treated as the sale of ordinary tangible personal
54 28 property and subject to the tax imposed under this
54 29 subsection and the use tax.

54 30 c. The use within this state of tangible personal
54 31 property by the manufacturer thereof, as building
54 32 materials, supplies, or equipment, in the performance
54 33 of construction contracts in Iowa, shall, for the
54 34 purpose of this subchapter, be construed as a sale at
54 35 retail of tangible personal property by the
54 36 manufacturer who shall be deemed to be the consumer of
54 37 such tangible personal property. The tax shall be
54 38 computed upon the cost to the manufacturer of the
54 39 fabrication or production of the tangible personal
54 40 property.

54 41 2. A tax of five percent is imposed upon the sales
54 42 price of the sale or furnishing of gas, electricity,
54 43 water, heat, pay television service, and communication
54 44 service, including the sales price from such sales by
54 45 any municipal corporation or joint water utility
54 46 furnishing gas, electricity, water, heat, pay
54 47 television service, and communication service to the
54 48 public in its proprietary capacity, except as
54 49 otherwise provided in this subchapter, when sold at
54 50 retail in the state to consumers or users.

55 1 3. A tax of five percent is imposed upon the sales
55 2 price of all sales of tickets or admissions to places
55 3 of amusement, fairs, and athletic events except those
55 4 of elementary and secondary educational institutions.
55 5 A tax of five percent is imposed on the sales price of
55 6 an entry fee or like charge imposed solely for the
55 7 privilege of participating in an activity at a place
55 8 of amusement, fair, or athletic event unless the sales
55 9 price of tickets or admissions charges for observing
55 10 the same activity are taxable under this subchapter.
55 11 A tax of five percent is imposed upon that part of
55 12 private club membership fees or charges paid for the
55 13 privilege of participating in any athletic sports
55 14 provided club members.

55 15 4. A tax of five percent is imposed upon the sales
55 16 price derived from the operation of all forms of
55 17 amusement devices and games of skill, games of chance,
55 18 raffles, and bingo games as defined in chapter 99B,
55 19 operated or conducted within the state, the tax to be
55 20 collected from the operator in the same manner as for
55 21 the collection of taxes upon the sales price of
55 22 tickets or admission as provided in this section.
55 23 Nothing in this subsection shall legalize any games of
55 24 skill or chance or slot-operated devices which are now
55 25 prohibited by law.

55 26 The tax imposed under this subsection covers the
55 27 total amount from the operation of games of skill,
55 28 games of chance, raffles, and bingo games as defined
55 29 in chapter 99B, and musical devices, weighing
55 30 machines, shooting galleries, billiard and pool
55 31 tables, bowling alleys, pinball machines, slot=
55 32 operated devices selling merchandise not subject to
55 33 the general sales taxes and on the total amount from
55 34 devices or systems where prizes are in any manner
55 35 awarded to patrons and upon the receipts from fees
55 36 charged for participation in any game or other form of
55 37 amusement, and generally upon the sales price from any
55 38 source of amusement operated for profit, not specified
55 39 in this section, and upon the sales price from which
55 40 tax is not collected for tickets or admission, but tax
55 41 shall not be imposed upon any activity exempt from
55 42 sales tax under section 423.3, subsection 78. Every
55 43 person receiving any sales price from the sources
55 44 described in this section is subject to all provisions

55 45 of this subchapter relating to retail sales tax and
55 46 other provisions of this chapter as applicable.
55 47 5. There is imposed a tax of five percent upon the
55 48 sales price from the furnishing of services as defined
55 49 in section 423.1.
55 50 6. The sales price of any of the following
56 1 enumerated services is subject to the tax imposed by
56 2 subsection 5: alteration and garment repair; armored
56 3 car; vehicle repair; battery, tire, and allied;
56 4 investment counseling; service charges of all
56 5 financial institutions; barber and beauty; boat
56 6 repair; vehicle wash and wax; campgrounds; carpentry;
56 7 roof, shingle, and glass repair; dance schools and
56 8 dance studios; dating services; dry cleaning,
56 9 pressing, dyeing, and laundering; electrical and
56 10 electronic repair and installation; excavating and
56 11 grading; farm implement repair of all kinds; flying
56 12 service; furniture, rug, carpet, and upholstery repair
56 13 and cleaning; fur storage and repair; golf and country
56 14 clubs and all commercial recreation; gun and camera
56 15 repair; house and building moving; household
56 16 appliance, television, and radio repair; janitorial
56 17 and building maintenance or cleaning; jewelry and
56 18 watch repair; lawn care, landscaping, and tree
56 19 trimming and removal; limousine service, including
56 20 driver; machine operator; machine repair of all kinds;
56 21 motor repair; motorcycle, scooter, and bicycle repair;
56 22 oilers and lubricators; office and business machine
56 23 repair; painting, papering, and interior decorating;
56 24 parking facilities; pay television; pet grooming; pipe
56 25 fitting and plumbing; wood preparation; executive
56 26 search agencies; private employment agencies,
56 27 excluding services for placing a person in employment
56 28 where the principal place of employment of that person
56 29 is to be located outside of the state; reflexology;
56 30 security and detective services; sewage services for
56 31 nonresidential commercial operations; sewing and
56 32 stitching; shoe repair and shoeshine; sign
56 33 construction and installation; storage of household
56 34 goods, mini-storage, and warehousing of raw
56 35 agricultural products; swimming pool cleaning and
56 36 maintenance; tanning beds or salons; taxidermy
56 37 services; telephone answering service; test
56 38 laboratories, including mobile testing laboratories
56 39 and field testing by testing laboratories, and
56 40 excluding tests on humans or animals; termite, bug,
56 41 roach, and pest eradicators; tin and sheet metal
56 42 repair; Turkish baths, massage, and reducing salons,
56 43 excluding services provided by massage therapists
56 44 licensed under chapter 152C; water conditioning and
56 45 softening; weighing; welding; well drilling; wrapping,
56 46 packing, and packaging of merchandise other than
56 47 processed meat, fish, fowl, and vegetables; wrecking
56 48 service; wrecker and towing.
56 49 For the purposes of this subsection, the sales
56 50 price of a lease or rental includes rents, royalties,
57 1 and copyright and license fees. For the purposes of
57 2 this subsection, "financial institutions" means all
57 3 national banks, federally chartered savings and loan
57 4 associations, federally chartered savings banks,
57 5 federally chartered credit unions, banks organized
57 6 under chapter 524, savings and loan associations and
57 7 savings banks organized under chapter 534, and credit
57 8 unions organized under chapter 533.
57 9 7. a. A tax of five percent is imposed upon the
57 10 sales price from the sales, furnishing, or service of
57 11 solid waste collection and disposal service.
57 12 For purposes of this subsection, "solid waste"
57 13 means garbage, refuse, sludge from a water supply
57 14 treatment plant or air contaminant treatment facility,
57 15 and other discarded waste materials and sludges, in
57 16 solid, semisolid, liquid, or contained gaseous form,
57 17 resulting from nonresidential commercial operations,
57 18 but does not include auto hulks; street sweepings;
57 19 ash; construction debris; mining waste; trees; tires;
57 20 lead acid batteries; used oil; hazardous waste; animal
57 21 waste used as fertilizer; earthen fill, boulders, or
57 22 rock; foundry sand used for daily cover at a sanitary
57 23 landfill; sewage sludge; solid or dissolved material
57 24 in domestic sewage or other common pollutants in water
57 25 resources, such as silt, dissolved or suspended solids

57 26 in industrial waste water effluents or discharges
57 27 which are point sources subject to permits under
57 28 section 402 of the federal Water Pollution Control
57 29 Act, or dissolved materials in irrigation return
57 30 flows; or source, special nuclear, or by-product
57 31 material defined by the federal Atomic Energy Act of
57 32 1954.

57 33 A recycling facility that separates or processes
57 34 recyclable materials and that reduces the volume of
57 35 the waste by at least eighty-five percent is exempt
57 36 from the tax imposed by this subsection if the waste
57 37 exempted is collected and disposed of separately from
57 38 other solid waste.

57 39 b. A person who transports solid waste generated
57 40 by that person or another person without compensation
57 41 shall pay the tax imposed by this subsection at the
57 42 collection or disposal facility based on the disposal
57 43 charge or tipping fee. However, the costs of a
57 44 service or portion of a service to collect and manage
57 45 recyclable materials separated from solid waste by the
57 46 waste generator are exempt from the tax imposed by
57 47 this subsection.

57 48 8. a. A tax of five percent is imposed upon the
57 49 sales price from sales of bundled services contracts.
57 50 For purposes of this subsection, a "bundled services
58 1 contract" means an agreement providing for a
58 2 retailer's performance of services, one or more of
58 3 which is a taxable service enumerated in this section
58 4 and one or more of which is not, in return for a
58 5 consumer's or user's single payment for the
58 6 performance of the services, with no separate
58 7 statement to the consumer or user of what portion of
58 8 that payment is attributable to any one service which
58 9 is a part of the contract.

58 10 b. For purposes of the administration of the tax
58 11 on bundled services contracts, the director may enter
58 12 into agreements of limited duration with individual
58 13 retailers, groups of retailers, or organizations
58 14 representing retailers of bundled services contracts.
58 15 Such an agreement shall impose the tax rate only upon
58 16 that portion of the sales price from a bundled
58 17 services contract which is attributable to taxable
58 18 services provided under the contract.

58 19 9. A tax of five percent is imposed upon the sales
58 20 price from any mobile telecommunications service which
58 21 this state is allowed to tax by the provisions of the
58 22 federal Mobile Telecommunications Sourcing Act, Pub.
58 23 L. No. 106=252, 4 U.S.C. } 116 et seq. For purposes
58 24 of this subsection, taxes on mobile telecommunications
58 25 service, as defined under the federal Mobile
58 26 Telecommunications Sourcing Act that are deemed to be
58 27 provided by the customer's home service provider,
58 28 shall be paid to the taxing jurisdiction whose
58 29 territorial limits encompass the customer's place of
58 30 primary use, regardless of where the mobile
58 31 telecommunications service originates, terminates, or
58 32 passes through and shall in all other respects be
58 33 taxed in conformity with the federal Mobile
58 34 Telecommunications Sourcing Act. All other provisions
58 35 of the federal Mobile Telecommunications Sourcing Act
58 36 are adopted by the state of Iowa and incorporated into
58 37 this subsection by reference. With respect to mobile
58 38 telecommunications service under the federal Mobile
58 39 Telecommunications Sourcing Act, the director shall,
58 40 if requested, enter into agreements consistent with
58 41 the provisions of the federal Act.

58 42 10. All revenues arising under the operation of
58 43 the provisions of this section shall be deposited into
58 44 the general fund of the state.

58 45 Sec. 105. NEW SECTION. 423.3 EXEMPTIONS.

58 46 There is exempted from the provisions of this
58 47 subchapter and from the computation of the amount of
58 48 tax imposed by it the following:

58 49 1. The sales price from sales of tangible personal
58 50 property and services furnished which this state is
59 1 prohibited from taxing under the Constitution or laws
59 2 of the United States or under the Constitution of this
59 3 state.

59 4 2. The sales price of sales for resale of tangible
59 5 personal property or taxable services, or for resale
59 6 of tangible personal property in connection with the

59 7 furnishing of taxable services.
59 8 3. The sales price of agricultural breeding
59 9 livestock and domesticated fowl.
59 10 4. The sales price of commercial fertilizer.
59 11 5. The sales price of agricultural limestone,
59 12 herbicide, pesticide, insecticide, including
59 13 adjuvants, surfactants, and other products directly
59 14 related to the application enhancement of those
59 15 products, food, medication, or agricultural drain
59 16 tile, including installation of agricultural drain
59 17 tile, any of which are to be used in disease control,
59 18 weed control, insect control, or health promotion of
59 19 plants or livestock produced as part of agricultural
59 20 production for market.
59 21 6. The sales price of tangible personal property
59 22 which will be consumed as fuel in creating heat,
59 23 power, or steam for grain drying, or for providing
59 24 heat or cooling for livestock buildings or for
59 25 greenhouses or buildings or parts of buildings
59 26 dedicated to the production of flowering, ornamental,
59 27 or vegetable plants intended for sale in the ordinary
59 28 course of business, or for use in cultivation of
59 29 agricultural products by aquaculture, or in implements
59 30 of husbandry engaged in agricultural production.
59 31 7. The sales price of services furnished by
59 32 specialized flying implements of husbandry used for
59 33 agricultural aerial spraying.
59 34 8. The sales price exclusive of services of farm
59 35 machinery and equipment, including auxiliary
59 36 attachments which improve the performance, safety,
59 37 operation, or efficiency of the machinery and
59 38 equipment and replacement parts, if the following
59 39 conditions are met:
59 40 a. The farm machinery and equipment shall be
59 41 directly and primarily used in production of
59 42 agricultural products.
59 43 b. The farm machinery and equipment shall
59 44 constitute self-propelled implements or implements
59 45 customarily drawn or attached to self-propelled
59 46 implements or the farm machinery or equipment is a
59 47 grain dryer.
59 48 c. The replacement part is essential to any repair
59 49 or reconstruction necessary to the farm machinery's or
59 50 equipment's exempt use in the production of
60 1 agricultural products.
60 2 Vehicles subject to registration, as defined in
60 3 section 423.1, or replacement parts for such vehicles,
60 4 are not eligible for this exemption.
60 5 9. The sales price of wood chips, sawdust, hay,
60 6 straw, paper, or other materials used for bedding in
60 7 the production of agricultural livestock or fowl.
60 8 10. The sales price of gas, electricity, water, or
60 9 heat to be used in implements of husbandry engaged in
60 10 agricultural production.
60 11 11. The sales price exclusive of services of farm
60 12 machinery and equipment, including auxiliary
60 13 attachments which improve the performance, safety,
60 14 operation, or efficiency of the machinery and
60 15 equipment and replacement parts, if all of the
60 16 following conditions are met:
60 17 a. The implement, machinery, or equipment is
60 18 directly and primarily used in livestock or dairy
60 19 production, aquaculture production, or the production
60 20 of flowering, ornamental, or vegetable plants.
60 21 b. The implement is not a self-propelled implement
60 22 or implement customarily drawn or attached to self=
60 23 propelled implements.
60 24 c. The replacement part is essential to any repair
60 25 or reconstruction necessary to the farm machinery's or
60 26 equipment's exempt use in livestock or dairy
60 27 production, aquaculture production, or the production
60 28 of flowering, ornamental, or vegetable plants.
60 29 12. The sales price, exclusive of services, from
60 30 sales of irrigation equipment used in farming
60 31 operations.
60 32 13. The sales price from the sale or rental of
60 33 irrigation equipment, whether installed above or below
60 34 ground, to a contractor or farmer if the equipment
60 35 will be primarily used in agricultural operations.
60 36 14. The sales price from the sales of horses,
60 37 commonly known as draft horses, when purchased for use

60 38 and so used as draft horses.
60 39 15. The sales price from the sale of property
60 40 which is a container, label, carton, pallet, packing
60 41 case, wrapping, baling wire, twine, bag, bottle,
60 42 shipping case, or other similar article or receptacle
60 43 sold for use in agricultural, livestock, or dairy
60 44 production.
60 45 16. The sales price from the sale of feed and feed
60 46 supplements and additives when used for consumption by
60 47 farm deer or bison.
60 48 17. The sales price of all goods, wares, or
60 49 merchandise, or services, used for educational
60 50 purposes sold to any private nonprofit educational
61 1 institution in this state. For the purpose of this
61 2 subsection, "educational institution" means an
61 3 institution which primarily functions as a school,
61 4 college, or university with students, faculty, and an
61 5 established curriculum. The faculty of an educational
61 6 institution must be associated with the institution
61 7 and the curriculum must include basic courses which
61 8 are offered every year. "Educational institution"
61 9 includes an institution primarily functioning as a
61 10 library.
61 11 18. The sales price of tangible personal property
61 12 sold, or of services furnished, to the following
61 13 nonprofit corporations:
61 14 a. Residential care facilities and intermediate
61 15 care facilities for persons with mental retardation
61 16 and residential care facilities for persons with
61 17 mental illness licensed by the department of
61 18 inspections and appeals under chapter 135C.
61 19 b. Residential facilities licensed by the
61 20 department of human services pursuant to chapter 237,
61 21 other than those maintained by individuals as defined
61 22 in section 237.1, subsection 7.
61 23 c. Rehabilitation facilities that provide
61 24 accredited rehabilitation services to persons with
61 25 disabilities which are accredited by the commission on
61 26 accreditation of rehabilitation facilities or the
61 27 accreditation council for services for persons with
61 28 mental retardation and other persons with
61 29 developmental disabilities and adult day care services
61 30 approved for reimbursement by the state department of
61 31 human services.
61 32 d. Community mental health centers accredited by
61 33 the department of human services pursuant to chapter
61 34 225C.
61 35 e. Community health centers as defined in 42
61 36 U.S.C. } 254(c) and migrant health centers as defined
61 37 in 42 U.S.C. } 254(b).
61 38 19. The sales price of tangible personal property
61 39 sold to a nonprofit organization which was organized
61 40 for the purpose of lending the tangible personal
61 41 property to the general public for use by them for
61 42 nonprofit purposes.
61 43 20. The sales price of tangible personal property
61 44 sold, or of services furnished, to nonprofit legal aid
61 45 organizations.
61 46 21. The sales price of goods, wares, or
61 47 merchandise, or of services, used for educational,
61 48 scientific, historic preservation, or aesthetic
61 49 purpose sold to a nonprofit private museum.
61 50 22. The sales price from sales of goods, wares, or
62 1 merchandise, or from services furnished, to a
62 2 nonprofit private art center to be used in the
62 3 operation of the art center.
62 4 23. The sales price of tangible personal property
62 5 sold, or of services furnished, by a fair society
62 6 organized under chapter 174.
62 7 24. The sales price from services furnished by the
62 8 notification center established pursuant to section
62 9 480.3, and the vendor selected pursuant to section
62 10 480.3 to provide the notification service.
62 11 25. The sales price of food and beverages sold for
62 12 human consumption by a nonprofit organization which
62 13 principally promotes a food or beverage product for
62 14 human consumption produced, grown, or raised in this
62 15 state and whose income is exempt from federal taxation
62 16 under section 501(c) of the Internal Revenue Code.
62 17 26. The sales price of tangible personal property
62 18 sold, or of services furnished, to a statewide

62 19 nonprofit organ procurement organization, as defined
62 20 in section 142C.2.

62 21 27. The sales price of tangible personal property
62 22 sold, or of services furnished, to a nonprofit
62 23 hospital licensed pursuant to chapter 135B to be used
62 24 in the operation of the hospital.

62 25 28. The sales price of tangible personal property
62 26 sold, or of services furnished, to a freestanding
62 27 nonprofit hospice facility which operates a hospice
62 28 program as defined in 42 C.F.R., ch. IV, } 418.3,
62 29 which property or services are to be used in the
62 30 hospice program.

62 31 29. The sales price of all goods, wares, or
62 32 merchandise sold, or of services furnished, which are
62 33 used in the fulfillment of a written construction
62 34 contract with a nonprofit hospital licensed pursuant
62 35 to chapter 135B if all of the following apply:

62 36 a. The sales and delivery of the goods, wares, or
62 37 merchandise, or the services furnished occurred
62 38 between July 1, 1998, and December 31, 2001.

62 39 b. The written construction contract was entered
62 40 into prior to December 31, 1999, or bonds to fund the
62 41 construction were issued prior to December 31, 1999.

62 42 c. The sales or services were purchased by a
62 43 contractor as the agent for the hospital or were
62 44 purchased directly by the hospital.

62 45 30. The sales price of livestock ear tags sold by
62 46 a nonprofit organization whose income is exempt from
62 47 federal taxation under section 501(c)(6) of the
62 48 Internal Revenue Code where the proceeds are used in
62 49 bovine research programs selected or approved by such
62 50 organization.

63 1 31. The sales price of goods, wares, or
63 2 merchandise sold to and of services furnished, and
63 3 used for public purposes sold to a tax-certifying or
63 4 tax-levying body of the state or a governmental
63 5 subdivision of the state, including regional transit
63 6 systems, as defined in section 324A.1, the state board
63 7 of regents, department of human services, state
63 8 department of transportation, any municipally owned
63 9 solid waste facility which sells all or part of its
63 10 processed waste as fuel to a municipally owned public
63 11 utility, and all divisions, boards, commissions,
63 12 agencies, or instrumentalities of state, federal,
63 13 county, or municipal government which have no earnings
63 14 going to the benefit of an equity investor or
63 15 stockholder, except any of the following:

63 16 a. The sales price of goods, wares, or merchandise
63 17 sold to, or of services furnished, and used by or in
63 18 connection with the operation of any municipally owned
63 19 public utility engaged in selling gas, electricity,
63 20 heat, or pay television service to the general public.

63 21 b. The sales price of furnishing of sewage
63 22 services to a county or municipality on behalf of
63 23 nonresidential commercial operations.

63 24 c. The furnishing of solid waste collection and
63 25 disposal service to a county or municipality on behalf
63 26 of nonresidential commercial operations located within
63 27 the county or municipality.

63 28 The exemption provided by this subsection shall
63 29 also apply to all such sales of goods, wares, or
63 30 merchandise or of services furnished and subject to
63 31 use tax.

63 32 32. The sales price of tangible personal property
63 33 sold, or of services furnished, by a county or city.
63 34 This exemption does not apply to any of the following:

63 35 a. The tax specifically imposed under section
63 36 423.2 on the sales price from sales or furnishing of
63 37 gas, electricity, water, heat, pay television service,
63 38 or communication service to the public by a municipal
63 39 corporation in its proprietary capacity.

63 40 b. The sale or furnishing of solid waste
63 41 collection and disposal service to nonresidential
63 42 commercial operations.

63 43 c. The sale or furnishing of sewage service for
63 44 nonresidential commercial operations.

63 45 d. Fees paid to cities and counties for the
63 46 privilege of participating in any athletic sports.

63 47 33. The sales price of mementos and other items
63 48 relating to Iowa history and historic sites, the
63 49 general assembly, and the state capitol, sold by the

63 50 legislative service bureau and its legislative
64 1 information office on the premises of property under
64 2 the control of the legislative council, at the state
64 3 capitol, and on other state property.

64 4 34. The sales price from sales of mementos and
64 5 other items relating to Iowa history and historic
64 6 sites by the department of cultural affairs on the
64 7 premises of property under its control and at the
64 8 state capitol.

64 9 35. The sales price from sales or services
64 10 furnished by the state fair organized under chapter
64 11 173.

64 12 36. The sales price from sales of tangible
64 13 personal property or of the sale or furnishing of
64 14 electrical energy, natural or artificial gas, or
64 15 communication service to another state or political
64 16 subdivision of another state if the other state
64 17 provides a similar reciprocal exemption for this state
64 18 and political subdivision of this state.

64 19 37. The sales price of services on or connected
64 20 with new construction, reconstruction, alteration,
64 21 expansion, remodeling, or the services of a general
64 22 building contractor, architect, or engineer.

64 23 38. The sales price from the sale of building
64 24 materials, supplies, or equipment sold to rural water
64 25 districts organized under chapter 504A as provided in
64 26 chapter 357A and used for the construction of
64 27 facilities of a rural water district.

64 28 39. The sales price from "casual sales".
64 29 "Casual sales" means:

64 30 a. Sales of tangible personal property, or the
64 31 furnishing of services, of a nonrecurring nature, by
64 32 the owner, if the seller, at the time of the sale, is
64 33 not engaged for profit in the business of selling
64 34 tangible personal property or services taxed under
64 35 section 423.2.

64 36 b. The sale of all or substantially all of the
64 37 tangible personal property or services held or used by
64 38 a seller in the course of the seller's trade or
64 39 business for which the seller is required to hold a
64 40 sales tax permit when the seller sells or otherwise
64 41 transfers the trade or business to another person who
64 42 shall engage in a similar trade or business.

64 43 40. The sales price from the sale of automotive
64 44 fluids to a retailer to be used either in providing a
64 45 service which includes the installation or application
64 46 of the fluids in or on a motor vehicle, which service
64 47 is subject to section 423.2, subsection 6, or to be
64 48 installed in or applied to a motor vehicle which the
64 49 retailer intends to sell, which sale is subject to
64 50 section 423.26. For purposes of this subsection,
65 1 automotive fluids are all those which are refined,
65 2 manufactured, or otherwise processed and packaged for
65 3 sale prior to their installation in or application to
65 4 a motor vehicle. They include but are not limited to
65 5 motor oil and other lubricants, hydraulic fluids,
65 6 brake fluid, transmission fluid, sealants,
65 7 undercoatings, antifreeze, and gasoline additives.

65 8 41. The sales price from the rental of motion
65 9 picture films, video and audio tapes, video and audio
65 10 discs, records, photos, copy, scripts, or other media
65 11 used for the purpose of transmitting that which can be
65 12 seen, heard, or read, if either of the following
65 13 conditions are met:

65 14 a. The lessee imposes a charge for the viewing of
65 15 such media and the charge for the viewing is subject
65 16 to taxation under this subchapter or is subject to use
65 17 tax.

65 18 b. The lessee broadcasts the contents of such
65 19 media for public viewing or listening.

65 20 42. The sales price from the sale of tangible
65 21 personal property consisting of advertising material
65 22 including paper to a person in Iowa if that person or
65 23 that person's agent will, subsequent to the sale, send
65 24 that advertising material outside this state and the
65 25 material is subsequently used solely outside of Iowa.
65 26 For the purpose of this subsection, "advertising
65 27 material" means any brochure, catalog, leaflet, flyer,
65 28 order form, return envelope, or similar item used to
65 29 promote sales of property or services.

65 30 43. The sales price from the sale of property or

65 31 of services performed on property which the retailer
65 32 transfers to a carrier for shipment to a point outside
65 33 of Iowa, places in the United States mail or parcel
65 34 post directed to a point outside of Iowa, or
65 35 transports to a point outside of Iowa by means of the
65 36 retailer's own vehicles, and which is not thereafter
65 37 returned to a point within Iowa, except solely in the
65 38 course of interstate commerce or transportation. This
65 39 exemption shall not apply if the purchaser, consumer,
65 40 or their agent, other than a carrier, takes physical
65 41 possession of the property in Iowa.

65 42 44. The sales price from the sale of property
65 43 which is a container, label, carton, pallet, packing
65 44 case, wrapping paper, twine, bag, bottle, shipping
65 45 case, or other similar article or receptacle sold to
65 46 retailers or manufacturers for the purpose of
65 47 packaging or facilitating the transportation of
65 48 tangible personal property sold at retail or
65 49 transferred in association with the maintenance or
65 50 repair of fabric or clothing.

66 1 45. The sales price from sales or rentals to a
66 2 printer or publisher of the following: acetate; anti=
66 3 halation backing; antistatic spray; back lining; base
66 4 material used as a carrier for light sensitive
66 5 emulsions; blankets; blow-ups; bronze powder; carbon
66 6 tissue; codas; color filters; color separations;
66 7 contacts; continuous tone separations; creative art;
66 8 custom dies and die cutting materials; dampener
66 9 sleeves; dampening solution; design and styling; diazo
66 10 coating; dot etching; dot etching solutions; drawings;
66 11 drawsheets; driers; duplicate films or prints;
66 12 electronically digitized images; electrotypes; end
66 13 product of image modulation; engravings; etch
66 14 solutions; film; finished art or final art; fix;
66 15 fixative spray; flats; flying pasters; foils;
66 16 goldenrod paper; gum; halftones; illustrations; ink;
66 17 ink paste; keylines; lacquer; lasering images;
66 18 layouts; lettering; line negatives and positives;
66 19 linotypes; lithographic offset plates; magnesium and
66 20 zinc etchings; masking paper; masks; masters; mats;
66 21 mat service; metal toner; models and modeling; mylar;
66 22 negatives; nonoffset spray; opaque film process paper;
66 23 opaquing; padding compound; paper stock; photographic
66 24 materials: acids, plastic film, desensitizer
66 25 emulsion, exposure chemicals, fix, developers, and
66 26 paper; photography, day rate; photopolymer coating;
66 27 photographs; photostats; photo=display tape;
66 28 phototypesetter materials; ph=indicator sticks;
66 29 positives; press pack; printing cylinders; printing
66 30 plates, all types; process lettering; proof paper;
66 31 proofs and proof processes, all types; pumice powder;
66 32 purchased author alterations; purchased composition;
66 33 purchased phototypesetting; purchased stripping and
66 34 pasteups; red litho tape; reducers; roller covering;
66 35 screen tints; sketches; stepped plates; stereotypes;
66 36 strip types; substrate; tints; tissue overlays;
66 37 toners; transparencies; tympan; typesetting;
66 38 typography; varnishes; veloxes; wood mounts; and any
66 39 other items used in a like capacity to any of the
66 40 above enumerated items by the printer or publisher to
66 41 complete a finished product for sale at retail.
66 42 Expendable tools and supplies which are not enumerated
66 43 in this subsection are excluded from the exemption.
66 44 "Printer" means that portion of a person's business
66 45 engaged in printing that completes a finished product
66 46 for ultimate sale at retail or means that portion of a
66 47 person's business used to complete a finished printed
66 48 packaging material used to package a product for
66 49 ultimate sale at retail. "Printer" does not mean an
66 50 in-house printer who prints or copyrights its own
67 1 materials.

67 2 46. a. The sales price from the sale or rental of
67 3 computers, machinery, and equipment, including
67 4 replacement parts, and materials used to construct or
67 5 self=construct computers, machinery, and equipment if
67 6 such items are any of the following:

67 7 (1) Directly and primarily used in processing by a
67 8 manufacturer.

67 9 (2) Directly and primarily used to maintain the
67 10 integrity of the product or to maintain unique
67 11 environmental conditions required for either the

67 12 product or the computers, machinery, and equipment
67 13 used in processing by a manufacturer, including test
67 14 equipment used to control quality and specifications
67 15 of the product.

67 16 (3) Directly and primarily used in research and
67 17 development of new products or processes of
67 18 processing.

67 19 (4) Computers used in processing or storage of
67 20 data or information by an insurance company, financial
67 21 institution, or commercial enterprise.

67 22 (5) Directly and primarily used in recycling or
67 23 reprocessing of waste products.

67 24 (6) Pollution-control equipment used by a
67 25 manufacturer, including but not limited to that
67 26 required or certified by an agency of this state or of
67 27 the United States government.

67 28 b. The sales price from the sale of fuel used in
67 29 creating heat, power, steam, or for generating
67 30 electrical current, or from the sale of electricity,
67 31 consumed by computers, machinery, or equipment used in
67 32 an exempt manner described in paragraph "a",
67 33 subparagraph (1), (2), (3), (5), or (6).

67 34 c. The sales price from the sale or rental of the
67 35 following shall not be exempt from the tax imposed by
67 36 this subchapter:

67 37 (1) Hand tools.

67 38 (2) Point-of-sale equipment and computers.

67 39 (3) Industrial machinery, equipment, and
67 40 computers, including pollution-control equipment
67 41 within the scope of section 427A.1, subsection 1,
67 42 paragraphs "h" and "i".

67 43 (4) Vehicles subject to registration, except
67 44 vehicles subject to registration which are directly
67 45 and primarily used in recycling or reprocessing of
67 46 waste products.

67 47 d. As used in this subsection:

67 48 (1) "Commercial enterprise" includes businesses
67 49 and manufacturers conducted for profit and centers for
67 50 data processing services to insurance companies,
68 1 financial institutions, businesses, and manufacturers,
68 2 but excludes professions and occupations and nonprofit
68 3 organizations.

68 4 (2) "Financial institution" means as defined in
68 5 section 527.2.

68 6 (3) "Insurance company" means an insurer organized
68 7 or operating under chapter 508, 514, 515, 518, 518A,
68 8 519, or 520, or authorized to do business in Iowa as
68 9 an insurer or an insurance producer under chapter
68 10 522B.

68 11 (4) "Manufacturer" means as defined in section
68 12 428.20, but also includes contract manufacturers. A
68 13 contract manufacturer is a manufacturer that otherwise
68 14 falls within the definition of manufacturer under
68 15 section 428.20, except that a contract manufacturer
68 16 does not sell the tangible personal property the
68 17 contract manufacturer processes on behalf of other
68 18 manufacturers. A business engaged in activities
68 19 subsequent to the extractive process of quarrying or
68 20 mining, such as crushing, washing, sizing, or blending
68 21 of aggregate materials, is a manufacturer with respect
68 22 to these activities.

68 23 (5) "Processing" means a series of operations in
68 24 which materials are manufactured, refined, purified,
68 25 created, combined, or transformed by a manufacturer,
68 26 ultimately into tangible personal property.
68 27 Processing encompasses all activities commencing with
68 28 the receipt or producing of raw materials by the
68 29 manufacturer and ending at the point products are
68 30 delivered for shipment or transferred from the
68 31 manufacturer. Processing includes but is not limited
68 32 to refinement or purification of materials; treatment
68 33 of materials to change their form, context, or
68 34 condition; maintenance of the quality or integrity of
68 35 materials, components, or products; maintenance of
68 36 environmental conditions necessary for materials,
68 37 components, or products; quality control activities;
68 38 and construction of packaging and shipping devices,
68 39 placement into shipping containers or any type of
68 40 shipping devices or medium, and the movement of
68 41 materials, components, or products until shipment from
68 42 the processor.

68 43 (6) "Receipt or producing of raw materials" means
68 44 activities performed upon tangible personal property
68 45 only. With respect to raw materials produced from or
68 46 upon real estate, the receipt or producing of raw
68 47 materials is deemed to occur immediately following the
68 48 severance of the raw materials from the real estate.

68 49 47. The sales price from the furnishing of the
68 50 design and installation of new industrial machinery or
69 1 equipment, including electrical and electronic
69 2 installation.

69 3 48. The sales price from the sale of carbon
69 4 dioxide in a liquid, solid, or gaseous form,
69 5 electricity, steam, and other taxable services when
69 6 used by a manufacturer of food products to produce
69 7 marketable food products for human consumption,
69 8 including but not limited to treatment of material to
69 9 change its form, context, or condition, in order to
69 10 produce the food product, maintenance of quality or
69 11 integrity of the food product, changing or maintenance
69 12 of temperature levels necessary to avoid spoilage or
69 13 to hold the food product in marketable condition,
69 14 maintenance of environmental conditions necessary for
69 15 the safe or efficient use of machinery and material
69 16 used to produce the food product, sanitation and
69 17 quality control activities, formation of packaging,
69 18 placement into shipping containers, and movement of
69 19 the material or food product until shipment from the
69 20 building of manufacture.

69 21 49. The sales price of sales of electricity,
69 22 steam, or any taxable service when purchased and used
69 23 in the processing of tangible personal property
69 24 intended to be sold ultimately at retail.

69 25 50. The sales price of tangible personal property
69 26 sold for processing. Tangible personal property is
69 27 sold for processing within the meaning of this
69 28 subsection only when it is intended that the property
69 29 will, by means of fabrication, compounding,
69 30 manufacturing, or germination, become an integral part
69 31 of other tangible personal property intended to be
69 32 sold ultimately at retail; or for generating electric
69 33 current; or the property is a chemical, solvent,
69 34 sorbent, or reagent, which is directly used and is
69 35 consumed, dissipated, or depleted, in processing
69 36 tangible personal property which is intended to be
69 37 sold ultimately at retail or consumed in the
69 38 maintenance or repair of fabric or clothing, and which
69 39 may not become a component or integral part of the
69 40 finished product. The distribution to the public of
69 41 free newspapers or shoppers guides is a retail sale
69 42 for purposes of the processing exemption set out in
69 43 this subsection and in subsection 49.

69 44 51. The sales price from the sale of argon and
69 45 other similar gases to be used in the manufacturing
69 46 process.

69 47 52. The sales price from the sale of electricity
69 48 to water companies assessed for property tax pursuant
69 49 to sections 428.24, 428.26, and 428.28 which is used
69 50 solely for the purpose of pumping water from a river
70 1 or well.

70 2 53. The sales price from the sale of wind energy
70 3 conversion property to be used as an electric power
70 4 source and the sale of the materials used to
70 5 manufacture, install, or construct wind energy
70 6 conversion property used or to be used as an electric
70 7 power source.

70 8 For purposes of this subsection, "wind energy
70 9 conversion property" means any device, including, but
70 10 not limited to, a wind charger, windmill, wind
70 11 turbine, tower and electrical equipment, pad mount
70 12 transformers, power lines, and substation, which
70 13 converts wind energy to a form of usable energy.

70 14 54. The sales price from the sales of newspapers,
70 15 free newspapers, or shoppers guides and the printing
70 16 and publishing of such newspapers and shoppers guides,
70 17 and envelopes for advertising.

70 18 55. The sales price from the sale of motor fuel
70 19 and special fuel consumed for highway use or in
70 20 watercraft or aircraft where the fuel tax has been
70 21 imposed and paid and no refund has been or will be
70 22 allowed and the sales price from the sales of ethanol
70 23 blended gasoline, as defined in section 452A.2.

70 24 56. The sales price from all sales of food and
70 25 food ingredients. However, as used in this
70 26 subsection, "food" does not include alcoholic
70 27 beverages, candy, dietary supplements, food sold
70 28 through vending machines, prepared food, soft drinks,
70 29 and tobacco.

70 30 For the purposes of this subsection:

70 31 a. "Alcoholic beverages" means beverages that are
70 32 suitable for human consumption and contain one-half of
70 33 one percent or more of alcohol by volume.

70 34 b. "Candy" means a preparation of sugar, honey, or
70 35 other natural or artificial sweeteners in combination
70 36 with chocolate, fruits, nuts, or other ingredients or
70 37 flavorings in the form of bars, drops, or pieces.
70 38 Candy shall not include any preparation containing
70 39 flour and shall require no refrigeration.

70 40 c. "Dietary supplement" means any product, other
70 41 than tobacco, intended to supplement the diet that
70 42 contains one or more of the following dietary
70 43 ingredients:

70 44 (1) A vitamin.
70 45 (2) A mineral.
70 46 (3) An herb or other botanical.
70 47 (4) An amino acid.
70 48 (5) A dietary substance for use by humans to
70 49 supplement the diet by increasing the total dietary
70 50 intake.

71 1 (6) A concentrate, metabolite, constituent,
71 2 extract, or combination of any of the ingredients in
71 3 subparagraphs (1) through (5) that is intended for
71 4 ingestion in tablet, capsule, powder, softgel, gelcap,
71 5 or liquid form, or if not intended for ingestion in
71 6 such a form, is not represented as conventional food
71 7 and is not represented for use as a sole item of a
71 8 meal or of the diet; and is required to be labeled as
71 9 a dietary supplement, identifiable by the "supplement
71 10 facts" box found on the label and as required pursuant
71 11 to 21 C.F.R. } 101.36.

71 12 d. "Food and food ingredients" means substances,
71 13 whether in liquid, concentrated, solid, frozen, dried,
71 14 or dehydrated form, that are sold for ingestion or
71 15 chewing by humans and are consumed for their taste or
71 16 nutritional value.

71 17 e. "Food sold through vending machines" means food
71 18 dispensed from a machine or other mechanical device
71 19 that accepts payment, other than food which would be
71 20 qualified for exemption under subsection 57 if
71 21 purchased with a coupon described in subsection 57.

71 22 f. "Prepared food" means any of following:

71 23 (1) Food sold in a heated state or heated by the
71 24 seller, including food sold by a caterer.
71 25 (2) Two or more food ingredients mixed or combined
71 26 by the seller for sale as a single item.
71 27 (3) "Prepared food", for the purposes of this
71 28 paragraph, does not include food that is any of the
71 29 following:

71 30 (a) Only cut, repackaged, or pasteurized by the
71 31 seller.

71 32 (b) Eggs, fish, meat, poultry, and foods
71 33 containing these raw animal foods requiring cooking by
71 34 the consumer as recommended by the United States food
71 35 and drug administration in chapter 3, part 401.11 of
71 36 its food code, so as to prevent food borne illnesses.

71 37 (c) Bakery items sold by the seller which baked
71 38 them. The words "bakery items" includes but is not
71 39 limited to breads, rolls, buns, biscuits, bagels,
71 40 croissants, pastries, donuts, Danish, cakes, tortes,
71 41 pies, tarts, muffins, bars, cookies, and tortillas.

71 42 (d) Food sold without eating utensils provided by
71 43 the seller in an unheated state as a single item which
71 44 is priced by weight or volume.

71 45 (4) Food sold with eating utensils provided by the
71 46 seller, including plates, knives, forks, spoons,
71 47 glasses, cups, napkins, or straws. A plate does not
71 48 include a container or packaging used to transport
71 49 food.

71 50 g. "Soft drinks" means nonalcoholic beverages that
72 1 contain natural or artificial sweeteners. "Soft
72 2 drinks" does not include beverages that contain milk
72 3 or milk products; soy, rice, or similar milk
72 4 substitutes; or greater than fifty percent of

72 5 vegetable or fruit juice by volume.
72 6 f. "Tobacco" means cigarettes, cigars, chewing or
72 7 pipe tobacco, or any other item that contains tobacco.
72 8 57. The sales price from the sale of items
72 9 purchased with coupons issued under the federal Food
72 10 Stamp Act of 1977, 7 U.S.C. } 2011 et seq.
72 11 58. In transactions in which tangible personal
72 12 property is traded toward the sales price of other
72 13 tangible personal property, that portion of the sales
72 14 price which is not payable in money to the retailer is
72 15 exempted from the taxable amount if the following
72 16 conditions are met:
72 17 a. The tangible personal property traded to the
72 18 retailer is the type of property normally sold in the
72 19 regular course of the retailer's business.
72 20 b. The tangible personal property traded to the
72 21 retailer is intended by the retailer to be ultimately
72 22 sold at retail or is intended to be used by the
72 23 retailer or another in the remanufacturing of a like
72 24 item.
72 25 59. The sales price from the sale or rental of
72 26 prescription drugs or medical devices intended for
72 27 human use or consumption.
72 28 For the purposes of this subsection:
72 29 a. "Drug" means a compound, substance, or
72 30 preparation, and any component of a compound,
72 31 substance, or preparation, other than food and food
72 32 ingredients, dietary supplements, or alcoholic
72 33 beverages which is any of the following:
72 34 (1) Recognized in the official United States
72 35 pharmacopoeia, official homeopathic pharmacopoeia of
72 36 the United States, or official national formulary, and
72 37 supplement to any of them.
72 38 (2) Intended for use in the diagnosis, cure,
72 39 mitigation, treatment, or prevention of disease.
72 40 (3) Intended to affect the structure or any
72 41 function of the body.
72 42 b. "Medical device" means equipment or a supply,
72 43 intended to be prescribed by a practitioner, including
72 44 orthopedic or orthotic devices. However, "medical
72 45 device" also includes prosthetic devices, ostomy,
72 46 urological, and tracheostomy equipment and supplies,
72 47 and diabetic testing materials, hypodermic syringes
72 48 and needles, anesthesia trays, biopsy trays and biopsy
72 49 needles, cannula systems, catheter trays and invasive
72 50 catheters, dialyzers, drug infusion devices, fistula
73 1 sets, hemodialysis devices, insulin infusion devices,
73 2 intraocular lenses, irrigation solutions, intravenous
73 3 administering sets, solutions and stopcocks, myelogram
73 4 trays, nebulizers, small vein infusion kits, spinal
73 5 puncture trays, transfusion sets, venous blood sets,
73 6 and oxygen equipment, intended to be dispensed for
73 7 human use with or without a prescription to an
73 8 ultimate user.
73 9 c. "Practitioner" means a practitioner as defined
73 10 in section 155A.3, or a person licensed to prescribe
73 11 drugs.
73 12 d. "Prescription drug" means a drug intended to be
73 13 dispensed to an ultimate user pursuant to a
73 14 prescription drug order, formula, or recipe issued in
73 15 any form of oral, written, electronic, or other means
73 16 of transmission by a duly licensed practitioner, or
73 17 oxygen or insulin dispensed for human consumption with
73 18 or without a prescription drug order or medication
73 19 order.
73 20 e. "Prosthetic device" means a replacement,
73 21 corrective, or supportive device including repair and
73 22 replacement parts for the same worn on or in the body
73 23 to do any of the following:
73 24 (1) Artificially replace a missing portion of the
73 25 body.
73 26 (2) Prevent or correct physical deformity or
73 27 malfunction.
73 28 (3) Support a weak or deformed portion of the
73 29 body.
73 30 f. "Ultimate user" means an individual who has
73 31 lawfully obtained and possesses a prescription drug or
73 32 medical device for the individual's own use or for the
73 33 use of a member of the individual's household, or an
73 34 individual to whom a prescription drug or medical
73 35 device has been lawfully supplied, administered,

73 36 dispensed, or prescribed.

73 37 60. The sales price from services furnished by
73 38 aerial commercial and charter transportation services.

73 39 61. The sales price from the sale of raffle
73 40 tickets for a raffle licensed pursuant to section
73 41 99B.5.

73 42 62. The sales price from the sale of tangible
73 43 personal property which will be given as prizes to
73 44 players in games of skill, games of chance, raffles,
73 45 and bingo games as defined in chapter 99B.

73 46 63. The sales price from the sale of a modular
73 47 home, as defined in section 435.1, to the extent of
73 48 the portion of the purchase price of the modular home
73 49 which is not attributable to the cost of the tangible
73 50 personal property used in the processing of the
74 1 modular home. For purposes of this exemption, the
74 2 portion of the purchase price which is not
74 3 attributable to the cost of the tangible personal
74 4 property used in the processing of the modular home is
74 5 forty percent.

74 6 64. The sales price from charges paid to a
74 7 provider for access to on-line computer services. For
74 8 purposes of this subsection, "on-line computer
74 9 service" means a service that provides or enables
74 10 computer access by multiple users to the internet or
74 11 to other information made available through a computer
74 12 server.

74 13 65. The sales price from the sale or rental of
74 14 information services. "Information services" means
74 15 every business activity, process, or function by which
74 16 a seller or its agent accumulates, prepares,
74 17 organizes, or conveys data, facts, knowledge,
74 18 procedures, and like services to a buyer or its agent
74 19 of such information through any tangible or intangible
74 20 medium. Information accumulated, prepared, or
74 21 organized for a buyer or its agent is an information
74 22 service even though it may incorporate preexisting
74 23 components of data or other information. "Information
74 24 services" includes, but is not limited to, database
74 25 files, mailing lists, subscription files, market
74 26 research, credit reports, surveys, real estate
74 27 listings, bond rating reports, abstracts of title, bad
74 28 check lists, broadcasting rating services, wire
74 29 services, and scouting reports, or other similar
74 30 items.

74 31 66. The sales price of a sale at retail if the
74 32 substance of the transaction is delivered to the
74 33 purchaser digitally, electronically, or utilizing
74 34 cable, or by radio waves, microwaves, satellites, or
74 35 fiber optics.

74 36 67. a. The sales price from the sale of an
74 37 article of clothing designed to be worn on or about
74 38 the human body if all of the following apply:

74 39 (1) The sales price of the article is less than
74 40 one hundred dollars.

74 41 (2) The sale takes place during a period beginning
74 42 at 12:01 a.m. on the first Friday in August and ending
74 43 at midnight on the following Saturday.

74 44 b. This subsection does not apply to any of the
74 45 following:

74 46 (1) Sport or recreational equipment and protective
74 47 equipment.

74 48 (2) Clothing accessories or equipment.

74 49 (3) The rental of clothing.

74 50 c. For purposes of this subsection:

75 1 (1) "Clothing" means all human wearing apparel
75 2 suitable for general use. "Clothing" includes, but is
75 3 not limited to the following: aprons, household and
75 4 shop; athletic supporters; baby receiving blankets;
75 5 bathing suits and caps; beach capes and coats; belts
75 6 and suspenders; boots; coats and jackets; costumes;
75 7 diapers (children and adults, including disposable
75 8 diapers); earmuffs; footlets; formal wear; garters and
75 9 garter belts; girdles; gloves and mittens for general
75 10 use; hats and caps; hosiery; insoles for shoes; lab
75 11 coats; neckties; overshoes; pantyhose; rainwear;
75 12 rubber pants; sandals; scarves; shoes and shoelaces;
75 13 slippers; sneakers; socks and stockings; steel-toed
75 14 shoes; underwear; uniforms, athletic and nonathletic;
75 15 and wedding apparel.

75 16 "Clothing" does not include the following: belt

75 17 buckles sold separately; costume masks sold
75 18 separately; patches and emblems sold separately;
75 19 sewing equipment and supplies (including, but not
75 20 limited to, knitting needles, patterns, pins,
75 21 scissors, sewing machines, sewing needles, tape
75 22 measures, and thimbles); and sewing materials that
75 23 become part of clothing (including, but not limited
75 24 to, buttons, fabric, lace, thread, yarn, and zippers).

75 25 (2) "Clothing accessories or equipment" means
75 26 incidental items worn on the person or in conjunction
75 27 with clothing. "Clothing accessories or equipment"
75 28 includes, but is not limited to, the following:
75 29 briefcases; cosmetics; hair notions (including, but
75 30 not limited to, barrettes, hair bows, and hair nets);
75 31 handbags; handkerchiefs; jewelry; sunglasses,
75 32 nonprescription; umbrellas; wallets; watches; and wigs
75 33 and hairpieces.

75 34 (3) "Protective equipment" means items for human
75 35 wear and designed as protection for the wearer against
75 36 injury or disease or as protection against damage or
75 37 injury of other persons or property but not suitable
75 38 for general use. "Protective equipment" includes, but
75 39 is not limited to, the following: breathing masks;
75 40 clean room apparel and equipment; ear and hearing
75 41 protectors; face shields; hard hats; helmets; paint or
75 42 dust respirators; protective gloves; safety glasses
75 43 and goggles; safety belts; tool belts; and welders
75 44 gloves and masks.

75 45 (4) "Sport or recreational equipment" means items
75 46 designed for human use and worn in conjunction with an
75 47 athletic or recreational activity that are not
75 48 suitable for general use. "Sport or recreational
75 49 equipment" includes, but is not limited to, the
75 50 following: ballet and tap shoes; cleated or spiked
76 1 athletic shoes; gloves (including, but not limited to,
76 2 baseball, bowling, boxing, hockey, and golf); goggles;
76 3 hand and elbow guards; life preservers and vests;
76 4 mouth guards; roller and ice skates; shin guards;
76 5 shoulder pads; ski boots; waders; and wetsuits and
76 6 fins.

76 7 68. a. Subject to paragraph "b", the sales price
76 8 from the sale or furnishing of metered gas,
76 9 electricity, and fuel, including propane and heating
76 10 oil, to residential customers which is used to provide
76 11 energy for residential dwellings and units of
76 12 apartment and condominium complexes used for human
76 13 occupancy.

76 14 b. The exemption in this subsection shall be
76 15 phased in by means of a reduction in the tax rate as
76 16 follows:

76 17 (1) If the date of the utility billing or meter
76 18 reading cycle of the residential customer for the sale
76 19 or furnishing of metered gas and electricity is on or
76 20 after January 1, 2002, through December 31, 2002, or
76 21 if the sale or furnishing of fuel for purposes of
76 22 residential energy and the delivery of the fuel occurs
76 23 on or after January 1, 2002, through December 31,
76 24 2002, the rate of tax is four percent of the sales
76 25 price.

76 26 (2) If the date of the utility billing or meter
76 27 reading cycle of the residential customer for the sale
76 28 or furnishing of metered gas and electricity is on or
76 29 after January 1, 2003, through June 30, 2008, or if
76 30 the sale or furnishing of fuel for purposes of
76 31 residential energy and the delivery of the fuel occurs
76 32 on or after January 1, 2003, through June 30, 2008,
76 33 the rate of tax is three percent of the sales price.

76 34 (3) If the date of the utility billing or meter
76 35 reading cycle of the residential customer for the sale
76 36 or furnishing of metered gas and electricity is on or
76 37 after July 1, 2008, through June 30, 2009, or if the
76 38 sale or furnishing of fuel for purposes of residential
76 39 energy and the delivery of the fuel occurs on or after
76 40 July 1, 2008, through June 30, 2009, the rate of tax
76 41 is two percent of the sales price.

76 42 (4) If the date of the utility billing or meter
76 43 reading cycle of the residential customer for the sale
76 44 or furnishing of metered gas and electricity is on or
76 45 after July 1, 2009, through June 30, 2010, or if the
76 46 sale or furnishing of fuel for purposes of residential
76 47 energy and the delivery of the fuel occurs on or after

76 48 July 1, 2009, through June 30, 2010, the rate of tax
76 49 is one percent of the sales price.

76 50 (5) If the date of the utility billing or meter
77 1 reading cycle of the residential customer for the sale
77 2 or furnishing of metered gas and electricity is on or
77 3 after July 1, 2010, or if the sale, furnishing, or
77 4 service of fuel for purposes of residential energy and
77 5 the delivery of the fuel occurs on or after July 1,
77 6 2010, the rate of tax is zero percent of the sales
77 7 price.

77 8 c. The exemption in this subsection does not apply
77 9 to local option sales and services tax imposed
77 10 pursuant to chapters 423B and 423E.

77 11 69. The sales price from charges paid for the
77 12 delivery of electricity or natural gas if the sale or
77 13 furnishing of the electricity or natural gas or its
77 14 use is exempt from the tax on sales prices imposed
77 15 under this subchapter or from the use tax imposed
77 16 under subchapter III.

77 17 70. The sales price from the sales, furnishing, or
77 18 service of transportation service except the rental of
77 19 recreational vehicles or recreational boats, except
77 20 the rental of motor vehicles subject to registration
77 21 which are registered for a gross weight of thirteen
77 22 tons or less for a period of sixty days or less, and
77 23 except the rental of aircraft for a period of sixty
77 24 days or less. This exemption does not apply to the
77 25 transportation of electric energy or natural gas.

77 26 71. The sales price from sales of tangible
77 27 personal property used or to be used as railroad
77 28 rolling stock for transporting persons or property, or
77 29 as materials or parts therefor.

77 30 72. The sales price from the sales of special fuel
77 31 for diesel engines consumed or used in the operation
77 32 of ships, barges, or waterborne vessels which are used
77 33 primarily in or for the transportation of property or
77 34 cargo, or the conveyance of persons for hire on rivers
77 35 bordering on the state if the fuel is delivered by the
77 36 seller to the purchaser's barge, ship, or waterborne
77 37 vessel while it is afloat upon such a river.

77 38 73. The sales price from sales of vehicles subject
77 39 to registration or subject only to the issuance of a
77 40 certificate of title and sales of aircraft subject to
77 41 registration under section 328.20.

77 42 74. The sales price from the sale of aircraft for
77 43 use in a scheduled interstate federal aviation
77 44 administration certificated air carrier operation.

77 45 75. The sales price from the sale or rental of
77 46 aircraft; the sale or rental of tangible personal
77 47 property permanently affixed or attached as a
77 48 component part of the aircraft, including but not
77 49 limited to repair or replacement materials or parts;
77 50 and the sales price of all services used for aircraft
78 1 repair, remodeling, and maintenance services when such
78 2 services are performed on aircraft, aircraft engines,
78 3 or aircraft component materials or parts. For the
78 4 purposes of this exemption, "aircraft" means aircraft
78 5 used in a scheduled interstate federal aviation
78 6 administration certificated air carrier operation.

78 7 76. The sales price from the sale or rental of
78 8 tangible personal property permanently affixed or
78 9 attached as a component part of the aircraft,
78 10 including but not limited to repair or replacement
78 11 materials or parts; and the sales price of all
78 12 services used for aircraft repair, remodeling, and
78 13 maintenance services when such services are performed
78 14 on aircraft, aircraft engines, or aircraft component
78 15 materials or parts. For the purposes of this
78 16 exemption, "aircraft" means aircraft used in
78 17 nonscheduled interstate federal aviation
78 18 administration certificated air carrier operation
78 19 operating under 14 C.F.R. ch. 1, pt. 135.

78 20 77. The sales price from the sale of aircraft to
78 21 an aircraft dealer who in turn rents or leases the
78 22 aircraft if all of the following apply:

78 23 a. The aircraft is kept in the inventory of the
78 24 dealer for sale at all times.

78 25 b. The dealer reserves the right to immediately
78 26 take the aircraft from the renter or lessee when a
78 27 buyer is found.

78 28 c. The renter or lessee is aware that the dealer

78 29 will immediately take the aircraft when a buyer is
78 30 found.

78 31 If an aircraft exempt under this subsection is used
78 32 for any purpose other than leasing or renting, or the
78 33 conditions in paragraphs "a", "b", and "c" are not
78 34 continuously met, the dealer claiming the exemption
78 35 under this subsection is liable for the tax that would
78 36 have been due except for this subsection. The tax
78 37 shall be computed upon the original purchase price.

78 38 78. The sales price from sales or rental of
78 39 tangible personal property, or services rendered by
78 40 any entity where the profits from the sales or rental
78 41 of the tangible personal property, or services
78 42 rendered are used by or donated to a nonprofit entity
78 43 which is exempt from federal income taxation pursuant
78 44 to section 501(c)(3) of the Internal Revenue Code, a
78 45 government entity, or a nonprofit private educational
78 46 institution, and where the entire proceeds from the
78 47 sales, rental, or services are expended for any of the
78 48 following purposes:

78 49 a. Educational.
78 50 b. Religious.
79 1 c. Charitable. A charitable act is an act done
79 2 out of goodwill, benevolence, and a desire to add to
79 3 or to improve the good of humankind in general or any
79 4 class or portion of humankind, with no pecuniary
79 5 profit inuring to the person performing the service or
79 6 giving the gift.

79 7 This exemption does not apply to the sales price
79 8 from games of skill, games of chance, raffles, and
79 9 bingo games as defined in chapter 99B. This exemption
79 10 is disallowed on the amount of the sales price only to
79 11 the extent the profits from the sales, rental, or
79 12 services are not used by or donated to the appropriate
79 13 entity and expended for educational, religious, or
79 14 charitable purposes.

79 15 79. The sales price from the sale or rental of
79 16 tangible personal property or from services furnished
79 17 to a recognized community action agency as provided in
79 18 section 216A.93 to be used for the purposes of the
79 19 agency.

79 20 80. a. For purposes of this subsection,
79 21 "designated exempt entity" means an entity which is
79 22 designated in section 423.4, subsection 1.

79 23 b. If a contractor, subcontractor, or builder is
79 24 to use building materials, supplies, and equipment in
79 25 the performance of a construction contract with a
79 26 designated exempt entity, the person shall purchase
79 27 such items of tangible personal property without
79 28 liability for the tax if such property will be used in
79 29 the performance of the construction contract and a
79 30 purchasing agent authorization letter and an exemption
79 31 certificate, issued by the designated exempt entity,
79 32 are presented to the retailer.

79 33 c. Where the owner, contractor, subcontractor, or
79 34 builder is also a retailer holding a retail sales tax
79 35 permit and transacting retail sales of building
79 36 materials, supplies, and equipment, the tax shall not
79 37 be due when materials are withdrawn from inventory for
79 38 use in construction performed for a designated exempt
79 39 entity if an exemption certificate is received from
79 40 such entity.

79 41 d. Tax shall not apply to tangible personal
79 42 property purchased and consumed by a manufacturer as
79 43 building materials, supplies, or equipment in the
79 44 performance of a construction contract for a
79 45 designated exempt entity, if a purchasing agent
79 46 authorization letter and an exemption certificate are
79 47 received from such entity and presented to a retailer.

79 48 81. The sales price from the sales of lottery
79 49 tickets or shares pursuant to chapter 99G.

79 50 82. The sales price from the sale or rental of
80 1 core and mold making equipment and sand handling
80 2 equipment directly and primarily used in the mold
80 3 making process by a foundry.

80 4 83. The sales price from noncustomer point of sale
80 5 or noncustomer automated teller machine access or
80 6 service charges assessed by a financial institution.
80 7 For purposes of this subsection, "financial
80 8 institution" means the same as defined in section
80 9 527.2.

80 10 Sec. 106. NEW SECTION. 423.4 REFUNDS.
80 11 1. A private nonprofit educational institution in
80 12 this state, nonprofit private museum in this state,
80 13 tax-certifying or tax-levying body or governmental
80 14 subdivision of the state, including the state board of
80 15 regents, state department of human services, state
80 16 department of transportation, a municipally owned
80 17 solid waste facility which sells all or part of its
80 18 processed waste as fuel to a municipally owned public
80 19 utility, and all divisions, boards, commissions,
80 20 agencies, or instrumentalities of state, federal,
80 21 county, or municipal government which do not have
80 22 earnings going to the benefit of an equity investor or
80 23 stockholder, may make application to the department
80 24 for the refund of the sales or use tax upon the sales
80 25 price of all sales of goods, wares, or merchandise, or
80 26 from services furnished to a contractor, used in the
80 27 fulfillment of a written contract with the state of
80 28 Iowa, any political subdivision of the state, or a
80 29 division, board, commission, agency, or
80 30 instrumentality of the state or a political
80 31 subdivision, a private nonprofit educational
80 32 institution in this state, or a nonprofit private
80 33 museum in this state if the property becomes an
80 34 integral part of the project under contract and at the
80 35 completion of the project becomes public property, is
80 36 devoted to educational uses, or becomes a nonprofit
80 37 private museum; except goods, wares, or merchandise,
80 38 or services furnished which are used in the
80 39 performance of any contract in connection with the
80 40 operation of any municipal utility engaged in selling
80 41 gas, electricity, or heat to the general public or in
80 42 connection with the operation of a municipal pay
80 43 television system; and except goods, wares, and
80 44 merchandise used in the performance of a contract for
80 45 a "project" under chapter 419 as defined in that
80 46 chapter other than goods, wares, or merchandise used
80 47 in the performance of a contract for a "project" under
80 48 chapter 419 for which a bond issue was approved by a
80 49 municipality prior to July 1, 1968, or for which the
80 50 goods, wares, or merchandise becomes an integral part
81 1 of the project under contract and at the completion of
81 2 the project becomes public property or is devoted to
81 3 educational uses.
81 4 a. Such contractor shall state under oath, on
81 5 forms provided by the department, the amount of such
81 6 sales of goods, wares, or merchandise, or services
81 7 furnished and used in the performance of such
81 8 contract, and upon which sales or use tax has been
81 9 paid, and shall file such forms with the governmental
81 10 unit, private nonprofit educational institution, or
81 11 nonprofit private museum which has made any written
81 12 contract for performance by the contractor. The forms
81 13 shall be filed by the contractor with the governmental
81 14 unit, educational institution, or nonprofit private
81 15 museum before final settlement is made.
81 16 b. Such governmental unit, educational
81 17 institution, or nonprofit private museum shall, not
81 18 more than one year after the final settlement has been
81 19 made, make application to the department for any
81 20 refund of the amount of the sales or use tax which
81 21 shall have been paid upon any goods, wares, or
81 22 merchandise, or services furnished, the application to
81 23 be made in the manner and upon forms to be provided by
81 24 the department, and the department shall forthwith
81 25 audit the claim and, if approved, issue a warrant to
81 26 the governmental unit, educational institution, or
81 27 nonprofit private museum in the amount of the sales or
81 28 use tax which has been paid to the state of Iowa under
81 29 the contract.
81 30 Refunds authorized under this subsection shall
81 31 accrue interest at the rate in effect under section
81 32 421.7 from the first day of the second calendar month
81 33 following the date the refund claim is received by the
81 34 department.
81 35 c. Any contractor who willfully makes a false
81 36 report of tax paid under the provisions of this
81 37 subsection is guilty of a simple misdemeanor and in
81 38 addition shall be liable for the payment of the tax
81 39 and any applicable penalty and interest.
81 40 2. The refund of sales and use tax paid on

81 41 transportation construction projects let by the state
81 42 department of transportation is subject to the special
81 43 provisions of this subsection.

81 44 a. A contractor awarded a contract for a
81 45 transportation construction project is considered the
81 46 consumer of all building materials, building supplies,
81 47 and equipment and shall pay sales tax to the supplier
81 48 or remit consumer use tax directly to the department.

81 49 b. The contractor is not required to file
81 50 information with the state department of
82 1 transportation stating the amount of goods, wares, or
82 2 merchandise, or services rendered, furnished, or
82 3 performed and used in the performance of the contract
82 4 or the amount of sales or use tax paid.

82 5 c. The state department of transportation shall
82 6 file a refund claim based on a formula that considers
82 7 the following:

82 8 (1) The quantity of material to complete the
82 9 contract, and quantities of items of work.

82 10 (2) The estimated cost of these materials included
82 11 in the items of work, and the state sales or use tax
82 12 to be paid on the tax rate in effect in section 423.2.
82 13 The quantity of materials shall be determined after
82 14 each letting based on the contract quantities of all
82 15 items of work let to contract. The quantity of
82 16 individual component materials required for each item
82 17 shall be determined and maintained in a database. The
82 18 total quantities of materials shall be determined by
82 19 multiplying the quantities of component materials for
82 20 each contract item of work by the total quantities of
82 21 each contract item for each letting. Where variances
82 22 exist in the cost of materials, the lowest cost shall
82 23 be used as the base cost.

82 24 d. Only the state sales or use tax is refundable.
82 25 Local option taxes paid by the contractor are not
82 26 refundable.

82 27 3. A relief agency may apply to the director for
82 28 refund of the amount of sales or use tax imposed and
82 29 paid upon sales to it of any goods, wares,
82 30 merchandise, or services furnished, used for free
82 31 distribution to the poor and needy.

82 32 a. The refunds may be obtained only in the
82 33 following amounts and manner and only under the
82 34 following conditions:

82 35 (1) On forms furnished by the department, and
82 36 filed within the time as the director shall provide by
82 37 rule, the relief agency shall report to the department
82 38 the total amount or amounts, valued in money, expended
82 39 directly or indirectly for goods, wares, merchandise,
82 40 or services furnished, used for free distribution to
82 41 the poor and needy.

82 42 (2) On these forms the relief agency shall
82 43 separately list the persons making the sales to it or
82 44 to its order, together with the dates of the sales,
82 45 and the total amount so expended by the relief agency.

82 46 (3) The relief agency must prove to the
82 47 satisfaction of the director that the person making
82 48 the sales has included the amount thereof in the
82 49 computation of the sales price of such person and that
82 50 such person has paid the tax levied by this subchapter
83 1 or subchapter III, based upon such computation of the
83 2 sales price.

83 3 b. If satisfied that the foregoing conditions and
83 4 requirements have been complied with, the director
83 5 shall refund the amount claimed by the relief agency.

83 6 SUBCHAPTER III

83 7 USE TAX

83 8 Sec. 107. NEW SECTION. 423.5 IMPOSITION OF TAX.

83 9 An excise tax at the rate of five percent of the
83 10 purchase price or installed purchase price is imposed
83 11 on the following:

83 12 1. The use in this state of tangible personal
83 13 property as defined in section 423.1, including
83 14 aircraft subject to registration under section 328.20,
83 15 purchased for use in this state. For the purposes of
83 16 this subchapter, the furnishing or use of the
83 17 following services is also treated as the use of
83 18 tangible personal property: optional service or
83 19 warranty contracts, except residential service
83 20 contracts regulated under chapter 523C, vulcanizing,
83 21 recapping, or retreading services, engraving,

83 22 photography, retouching, printing, or binding
83 23 services, and communication service when furnished or
83 24 delivered to consumers or users within this state.

83 25 2. The use of manufactured housing in this state,
83 26 on the purchase price if the manufactured housing is
83 27 sold in the form of tangible personal property or on
83 28 the installed purchase price if the manufactured
83 29 housing is sold in the form of realty.

83 30 3. The use of leased vehicles, on the amount
83 31 subject to tax as calculated pursuant to section
83 32 423.27.

83 33 4. Purchases of tangible personal property made
83 34 from the government of the United States or any of its
83 35 agencies by ultimate consumers shall be subject to the
83 36 tax imposed by this section. Services purchased from
83 37 the same source or sources shall be subject to the
83 38 service tax imposed by this subchapter and apply to
83 39 the user of the services.

83 40 5. The use in this state of services enumerated in
83 41 section 423.2. This tax is applicable where services
83 42 are furnished in this state or where the product or
83 43 result of the service is used in this state.

83 44 6. The excise tax is imposed upon every person
83 45 using the property within this state until the tax has
83 46 been paid directly to the county treasurer, the state
83 47 department of transportation, a retailer, or the
83 48 department. This tax is imposed on every person using
83 49 the services or the product of the services in this
83 50 state until the user has paid the tax either to an
84 1 Iowa use tax permit holder or to the department.

84 2 7. For the purpose of the proper administration of
84 3 the use tax and to prevent its evasion, evidence that
84 4 tangible personal property was sold by any person for
84 5 delivery in this state shall be prima facie evidence
84 6 that such tangible personal property was sold for use
84 7 in this state.

84 8 Sec. 108. NEW SECTION. 423.6 EXEMPTIONS.

84 9 The use in this state of the following tangible
84 10 personal property and services is exempted from the
84 11 tax imposed by this subchapter:

84 12 1. Tangible personal property and enumerated
84 13 services, the sales price from the sale of which are
84 14 required to be included in the measure of the sales
84 15 tax, if that tax has been paid to the department or
84 16 the retailer. This exemption does not include
84 17 vehicles subject to registration or subject only to
84 18 the issuance of a certificate of title.

84 19 2. The sale of tangible personal property or the
84 20 furnishing of services in the regular course of
84 21 business.

84 22 3. Property used in processing. The use of
84 23 property in processing within the meaning of this
84 24 subsection shall mean and include any of the
84 25 following:

84 26 a. Any tangible personal property including
84 27 containers which it is intended shall, by means of
84 28 fabrication, compounding, manufacturing, or
84 29 germination, become an integral part of other tangible
84 30 personal property intended to be sold ultimately at
84 31 retail, and containers used in the collection,
84 32 recovery, or return of empty beverage containers
84 33 subject to chapter 455C.

84 34 b. Fuel which is consumed in creating power, heat,
84 35 or steam for processing or for generating electric
84 36 current.

84 37 c. Chemicals, solvents, sorbents, or reagents,
84 38 which are directly used and are consumed, dissipated,
84 39 or depleted in processing tangible personal property
84 40 which is intended to be sold ultimately at retail, and
84 41 which may not become a component or integral part of
84 42 the finished product.

84 43 d. The distribution to the public of free
84 44 newspapers or shoppers guides shall be deemed a retail
84 45 sale for purposes of the processing exemption in this
84 46 subsection.

84 47 4. All articles of tangible personal property
84 48 brought into the state of Iowa by a nonresident
84 49 individual for the individual's use or enjoyment while
84 50 within the state.

85 1 5. Services exempt from taxation by the provisions
85 2 of section 423.3.

85 3 6. Tangible personal property or services the
85 4 sales price of which is exempt from the sales tax
85 5 under section 423.3, except subsections 39 and 73, as
85 6 it relates to the sale, but not the lease or rental,
85 7 of vehicles subject to registration or subject only to
85 8 the issuance of a certificate of title and as it
85 9 relates to aircraft subject to registration under
85 10 section 328.20.

85 11 7. Advertisement and promotional material and
85 12 matter, seed catalogs, envelopes for same, and other
85 13 similar material temporarily stored in this state
85 14 which are acquired outside of Iowa and which,
85 15 subsequent to being brought into this state, are sent
85 16 outside of Iowa, either singly or physically attached
85 17 to other tangible personal property sent outside of
85 18 Iowa.

85 19 8. Vehicles, as defined in section 321.1,
85 20 subsections 41, 64A, 71, 85, and 88, except such
85 21 vehicles subject to registration which are designed
85 22 primarily for carrying persons, when purchased for
85 23 lease and actually leased to a lessee for use outside
85 24 the state of Iowa and the subsequent sole use in Iowa
85 25 is in interstate commerce or interstate
85 26 transportation.

85 27 9. Tangible personal property which, by means of
85 28 fabrication, compounding, or manufacturing, becomes an
85 29 integral part of vehicles, as defined in section
85 30 321.1, subsections 41, 64A, 71, 85, and 88,
85 31 manufactured for lease and actually leased to a lessee
85 32 for use outside the state of Iowa and the subsequent
85 33 sole use in Iowa is in interstate commerce or
85 34 interstate transportation. Vehicles subject to
85 35 registration which are designed primarily for carrying
85 36 persons are excluded from this subsection.

85 37 10. Vehicles subject to registration which are
85 38 transferred from a business or individual conducting a
85 39 business within this state as a sole proprietorship,
85 40 partnership, or limited liability company to a
85 41 corporation formed by the sole proprietorship,
85 42 partnership, or limited liability company for the
85 43 purpose of continuing the business when all of the
85 44 stock of the corporation so formed is owned by the
85 45 sole proprietor and the sole proprietor's spouse, by
85 46 all the partners in the case of a partnership, or by
85 47 all the members in the case of a limited liability
85 48 company. This exemption is equally available where
85 49 the vehicles subject to registration are transferred
85 50 from a corporation to a sole proprietorship,
86 1 partnership, or limited liability company formed by
86 2 that corporation for the purpose of continuing the
86 3 business when all of the incidents of ownership are
86 4 owned by the same person or persons who were
86 5 stockholders of the corporation.

86 6 This exemption also applies where the vehicles
86 7 subject to registration are transferred from a
86 8 corporation as part of the liquidation of the
86 9 corporation to its stockholders if within three months
86 10 of such transfer the stockholders retransfer those
86 11 vehicles subject to registration to a sole
86 12 proprietorship, partnership, or limited liability
86 13 company for the purpose of continuing the business of
86 14 the corporation when all of the incidents of ownership
86 15 are owned by the same person or persons who were
86 16 stockholders of the corporation.

86 17 10A. Vehicles subject to registration which are
86 18 transferred from a corporation that is primarily
86 19 engaged in the business of leasing vehicles subject to
86 20 registration to a corporation that is primarily
86 21 engaged in the business of leasing vehicles subject to
86 22 registration when the transferor and transferee
86 23 corporations are part of the same controlled group for
86 24 federal income tax purposes.

86 25 11. Vehicles registered or operated under chapter
86 26 326 and used substantially in interstate commerce,
86 27 section 423.5, subsection 7, notwithstanding. For
86 28 purposes of this subsection, "substantially in
86 29 interstate commerce" means that a minimum of twenty=
86 30 five percent of the miles operated by the vehicle
86 31 accrues in states other than Iowa. This subsection
86 32 applies only to vehicles which are registered for a
86 33 gross weight of thirteen tons or more.

86 34 For purposes of this subsection, trailers and
86 35 semitrailers registered or operated under chapter 326
86 36 are deemed to be used substantially in interstate
86 37 commerce and to be registered for a gross weight of
86 38 thirteen tons or more.

86 39 For the purposes of this subsection, if a vehicle
86 40 meets the requirement that twenty-five percent of the
86 41 miles operated accrues in states other than Iowa in
86 42 each year of the first four-year period of operation,
86 43 the exemption from use tax shall continue until the
86 44 vehicle is sold or transferred. If the vehicle is
86 45 found to have not met the exemption requirements or
86 46 the exemption was revoked, the value of the vehicle
86 47 upon which the use tax shall be imposed is the book or
86 48 market value, whichever is less, at the time the
86 49 exemption requirements were not met or the exemption
86 50 was revoked.

87 1 12. Mobile homes and manufactured housing the use
87 2 of which has previously been subject to the tax
87 3 imposed under this subchapter and for which that tax
87 4 has been paid.

87 5 13. Mobile homes to the extent of the portion of
87 6 the purchase price of the mobile home which is not
87 7 attributable to the cost of the tangible personal
87 8 property used in the processing of the mobile home,
87 9 and manufactured housing to the extent of the purchase
87 10 price or the installed purchase price of the
87 11 manufactured housing which is not attributable to the
87 12 cost of the tangible personal property used in the
87 13 processing of the manufactured housing. For purposes
87 14 of this exemption, the portion of the purchase price
87 15 which is not attributable to the cost of the tangible
87 16 personal property used in the processing of the mobile
87 17 home is forty percent and the portion of the purchase
87 18 price or installed purchase price which is not
87 19 attributable to the cost of the tangible personal
87 20 property used in the processing of the manufactured
87 21 housing is forty percent.

87 22 14. Tangible personal property used or to be used
87 23 as a ship, barge, or waterborne vessel which is used
87 24 or to be used primarily in or for the transportation
87 25 of property or cargo for hire on the rivers bordering
87 26 the state or as materials or parts of such ship,
87 27 barge, or waterborne vessel.

87 28 15. Vehicles subject to registration in any state
87 29 when purchased for rental or registered and titled by
87 30 a motor vehicle dealer licensed pursuant to chapter
87 31 322 for rental use, and held for rental for a period
87 32 of one hundred twenty days or more and actually rented
87 33 for periods of sixty days or less by a person
87 34 regularly engaged in the business of renting vehicles
87 35 including, but not limited to, motor vehicle dealers
87 36 licensed pursuant to chapter 322 who rent automobiles
87 37 to users, if the rental of the vehicles is subject to
87 38 taxation under chapter 423C.

87 39 16. Motor vehicles subject to registration which
87 40 were registered and titled between July 1, 1982, and
87 41 July 1, 1992, to a motor vehicle dealer licensed under
87 42 chapter 322 and which were rented to a user as defined
87 43 in section 423C.2 if the following occurred:

87 44 a. The dealer kept the vehicle on the inventory of
87 45 vehicles for sale at all times.

87 46 b. The vehicle was to be immediately taken from
87 47 the user of the vehicle when a buyer was found.

87 48 c. The user was aware of this situation.

87 49 17. Vehicles subject to registration under chapter
87 50 321, with a gross vehicle weight rating of less than
88 1 sixteen thousand pounds, excluding motorcycles and
88 2 motorized bicycles, when purchased for lease and
88 3 titled by the lessor licensed pursuant to chapter 321F
88 4 and actually leased for a period of twelve months or
88 5 more if the lease of the vehicle is subject to
88 6 taxation under section 423.27.

88 7 A lessor may maintain the exemption from use tax
88 8 under this subsection for a qualifying lease that
88 9 terminates at the conclusion or prior to the
88 10 contracted expiration date, if the lessor does not use
88 11 the vehicle for any purpose other than for lease.
88 12 Once the vehicle is used by the lessor for a purpose
88 13 other than for lease, the exemption from use tax under
88 14 this subsection no longer applies and, unless there is

88 15 an exemption from the use tax, use tax is due on the
88 16 fair market value of the vehicle determined at the
88 17 time the lessor uses the vehicle for a purpose other
88 18 than for lease, payable to the department. If the
88 19 lessor holds the vehicle exclusively for sale, use tax
88 20 is due and payable on the purchase price of the
88 21 vehicle at the time of purchase pursuant to this
88 22 subchapter.

88 23 18. Aircraft for use in a scheduled interstate
88 24 federal aviation administration certificated air
88 25 carrier operation.

88 26 19. Aircraft; tangible personal property
88 27 permanently affixed or attached as a component part of
88 28 the aircraft, including but not limited to repair or
88 29 replacement materials or parts; and all services used
88 30 for aircraft repair, remodeling, and maintenance
88 31 services when such services are performed on aircraft,
88 32 aircraft engines, or aircraft component materials or
88 33 parts. For the purposes of this exemption, "aircraft"
88 34 means aircraft used in a scheduled interstate federal
88 35 aviation administration certificated air carrier
88 36 operation.

88 37 20. Tangible personal property permanently affixed
88 38 or attached as a component part of the aircraft,
88 39 including but not limited to repair or replacement
88 40 materials or parts; and all services used for aircraft
88 41 repair, remodeling, and maintenance services when such
88 42 services are performed on aircraft, aircraft engines,
88 43 or aircraft component materials or parts. For the
88 44 purposes of this exemption, "aircraft" means aircraft
88 45 used in a nonscheduled interstate federal aviation
88 46 administration certificated air carrier operation
88 47 operating under 14 C.F.R., ch. 1, pt. 135.

88 48 21. Aircraft sold to an aircraft dealer who in
88 49 turn rents or leases the aircraft if all of the
88 50 following apply:

89 1 a. The aircraft is kept in the inventory of the
89 2 dealer for sale at all times.

89 3 b. The dealer reserves the right to immediately
89 4 take the aircraft from the renter or lessee when a
89 5 buyer is found.

89 6 c. The renter or lessee is aware that the dealer
89 7 will immediately take the aircraft when a buyer is
89 8 found.

89 9 If an aircraft exempt under this subsection is used
89 10 for any purpose other than leasing or renting, or the
89 11 conditions in paragraphs "a", "b", and "c" are not
89 12 continuously met, the dealer claiming the exemption
89 13 under this subsection is liable for the tax that would
89 14 have been due except for this subsection. The tax
89 15 shall be computed upon the original purchase price.

89 16 22. The use in this state of building materials,
89 17 supplies, or equipment, the sale or use of which is
89 18 not treated as a retail sale or a sale at retail under
89 19 section 423.2, subsection 1.

89 20 23. Exempted from the purchase price of any
89 21 vehicle subject to registration is:

89 22 a. The amount of any cash rebate which is provided
89 23 by a motor vehicle manufacturer to the purchaser of
89 24 the vehicle subject to registration so long as the
89 25 rebate is applied to the purchase price of the
89 26 vehicle.

89 27 b. That in transactions, except those subject to
89 28 paragraph "c", in which tangible personal property is
89 29 traded toward the purchase price of other tangible
89 30 personal property the purchase price is only that
89 31 portion of the purchase price which is payable in
89 32 money to the retailer if the following conditions are
89 33 met:

89 34 (1) The tangible personal property traded to the
89 35 retailer is the type of property normally sold in the
89 36 regular course of the retailer's business.

89 37 (2) The tangible personal property traded to the
89 38 retailer is intended by the retailer to be ultimately
89 39 sold at retail or is intended to be used by the
89 40 retailer or another in the remanufacturing of a like
89 41 item.

89 42 c. In a transaction between persons, neither of
89 43 which is a retailer of vehicles subject to
89 44 registration, in which a vehicle subject to
89 45 registration is traded toward the purchase price of

89 46 another vehicle subject to registration, the amount of
89 47 the trade-in value allowed on the vehicle subject to
89 48 registration traded.

89 49 SUBCHAPTER IV

89 50 UNIFORM SALES AND USE TAX ADMINISTRATION ACT

90 1 Sec. 109. NEW SECTION. 423.7 TITLE.

90 2 This subchapter shall be known and may be cited as
90 3 the "Uniform Sales and Use Tax Administration Act".

90 4 Sec. 110. NEW SECTION. 423.8 LEGISLATIVE FINDING
90 5 AND INTENT.

90 6 The general assembly finds that Iowa should enter
90 7 into an agreement with one or more states to simplify
90 8 and modernize sales and use tax administration in
90 9 order to substantially reduce the burden of tax
90 10 compliance for all sellers and for all types of
90 11 commerce. It is the intent of the general assembly
90 12 that entering into this agreement will lead to
90 13 simplification and modernization of the sales and use
90 14 tax law and not to the imposition of new taxes or an
90 15 increase or decrease in the existing number of
90 16 exemptions, unless such a result is unavoidable under
90 17 the terms of the agreement.

90 18 Sec. 111. NEW SECTION. 423.9 AUTHORITY TO ENTER
90 19 AGREEMENT AND TO REPRESENT THE STATE.

90 20 The director is authorized and directed to enter
90 21 into the streamlined sales and use tax agreement with
90 22 one or more states to simplify and modernize sales and
90 23 use tax administration in order to substantially
90 24 reduce the burden of tax compliance for all sellers
90 25 and for all types of commerce.

90 26 The director is further authorized to take other
90 27 actions reasonably required to implement the
90 28 provisions set forth in this chapter. Other actions
90 29 authorized by this section include, but are not
90 30 limited to, the adoption of rules and the joint
90 31 procurement, with other member states, of goods and
90 32 services in furtherance of the cooperative agreement.

90 33 The director or the director's designee is
90 34 authorized to be a member of the governing board
90 35 established pursuant to the agreement and to represent
90 36 Iowa before that body.

90 37 Sec. 112. NEW SECTION. 423.10 RELATIONSHIP TO
90 38 STATE LAW.

90 39 Entry into the agreement by the director does not
90 40 amend or modify any law of this state. Implementation
90 41 of any condition of the agreement in this state,
90 42 whether adopted before, at, or after membership of
90 43 this state in the agreement, shall be by action of the
90 44 general assembly.

90 45 Sec. 113. NEW SECTION. 423.11 AGREEMENT
90 46 REQUIREMENTS.

90 47 The director shall not enter into the agreement
90 48 unless the agreement requires each state to abide by
90 49 the following requirements:

90 50 1. UNIFORM STATE RATE. The agreement must set
91 1 restrictions to achieve more uniform state rates
91 2 through the following:

- 91 3 a. Limiting the number of state rates.
- 91 4 b. Limiting the application of maximums on the
91 5 amount of state tax that is due on a transaction.
- 91 6 c. Limiting the application of thresholds on the
91 7 application of state tax.

91 8 2. UNIFORM STANDARDS. The agreement must
91 9 establish uniform standards for the following:

- 91 10 a. The sourcing of transactions to taxing
91 11 jurisdictions.
- 91 12 b. The administration of exempt sales.
- 91 13 c. The allowances a seller can take for bad debts.
- 91 14 d. Sales and use tax returns and remittances.

91 15 3. UNIFORM DEFINITIONS. The agreement must
91 16 require states to develop and adopt uniform
91 17 definitions of sales and use tax terms. The
91 18 definitions must enable a state to preserve its
91 19 ability to make policy choices not inconsistent with
91 20 the uniform definitions.

91 21 4. CENTRAL REGISTRATION. The agreement must
91 22 provide a central, electronic registration system that
91 23 allows a seller to register to collect and remit sales
91 24 and use taxes for all member states.

91 25 5. NO NEXUS ATTRIBUTION. The agreement must
91 26 provide that registration with the central

91 27 registration system and the collection of sales and
91 28 use taxes in the member states must not be used as a
91 29 factor in determining whether the seller has nexus
91 30 with a state for any tax.

91 31 6. LOCAL SALES AND USE TAXES. The agreement must
91 32 provide for reduction of the burdens of complying with
91 33 local sales and use taxes through the following:
91 34 a. Restricting variances between the state and
91 35 local tax bases.
91 36 b. Requiring states to administer any sales and
91 37 use taxes levied by local jurisdictions within the
91 38 state so that sellers collecting and remitting these
91 39 taxes must not have to register or file returns with,
91 40 remit funds to, or be subject to independent audits
91 41 from local taxing jurisdictions.
91 42 c. Restricting the frequency of changes in the
91 43 local sales and use tax rates and setting effective
91 44 dates for the application of local jurisdictional
91 45 boundary changes to local sales and use taxes.
91 46 d. Providing notice of changes in local sales and
91 47 use tax rates and of changes in the boundaries of
91 48 local taxing jurisdictions.

91 49 7. MONETARY ALLOWANCES. The agreement must
91 50 outline any monetary allowances that are to be
92 1 provided by the states to sellers or certified service
92 2 providers.

92 3 8. STATE COMPLIANCE. The agreement must require
92 4 each state to certify compliance with the terms of the
92 5 agreement prior to joining and to maintain compliance,
92 6 under the laws of the member state, with all
92 7 provisions of the agreement while a member.

92 8 9. CONSUMER PRIVACY. The agreement must require
92 9 each state to adopt a uniform policy for certified
92 10 service providers that protects the privacy of
92 11 consumers and maintains the confidentiality of tax
92 12 information.

92 13 10. ADVISORY COUNCILS. The agreement must provide
92 14 for the appointment of an advisory council of private
92 15 sector representatives and an advisory council of
92 16 nonmember state representatives to consult with in the
92 17 administration of the agreement.

92 18 Sec. 114. NEW SECTION. 423.12 LIMITED BINDING
92 19 AND BENEFICIAL EFFECT.

92 20 1. The agreement binds and inures only to the
92 21 benefit of Iowa and the other member states. A
92 22 person, other than a member state, is not an intended
92 23 beneficiary of the agreement. Any benefit to a person
92 24 other than a member state is established by the law of
92 25 Iowa and not by the terms of the agreement.

92 26 2. A person shall not have any cause of action or
92 27 defense under the agreement or by virtue of this
92 28 state's entry into the agreement. A person may not
92 29 challenge, in any action brought under any provision
92 30 of law, any action or inaction by any department,
92 31 agency, or other instrumentality of this state, or any
92 32 political subdivision of this state on the ground that
92 33 the action or inaction is inconsistent with the
92 34 agreement.

92 35 3. A law of this state, or the application of it,
92 36 shall not be declared invalid as to any such person or
92 37 circumstance on the ground that the provision or
92 38 application is inconsistent with the agreement.

92 39 SUBCHAPTER V
92 40 SALES AND USE TAX ACT == ADMINISTRATION OF
92 41 RETAILERS NOT REGISTERED UNDER THE AGREEMENT AND OF
92 42 CONSUMERS OBLIGATED TO PAY USE TAX DIRECTLY

92 43 Sec. 115. NEW SECTION. 423.13 PURPOSE OF THIS
92 44 SUBCHAPTER.

92 45 The purpose of this subchapter is to provide for
92 46 the administration and collection of sales or use tax
92 47 on the part of retailers who are not registered under
92 48 the agreement and for the collection of use tax on the
92 49 part of consumers who are obligated to pay that tax
92 50 directly. Any application of the sections of this
93 1 subchapter to retailers registered under the agreement
93 2 is only by way of incorporation by reference into
93 3 subchapter VI of this chapter.

93 4 Sec. 116. NEW SECTION. 423.14 SALES AND USE TAX
93 5 COLLECTION.

93 6 1. a. Sales tax, other than that described in
93 7 paragraph "c", shall be collected by sellers who are

93 8 retailers or by their agents. Sellers or their agents
93 9 shall, as far as practicable, add the sales tax, or
93 10 the average equivalent thereof, to the sales price or
93 11 charge, less trade-ins allowed and taken and when
93 12 added such tax shall constitute a part of the sales
93 13 price or charge, shall be a debt from consumer or user
93 14 to seller or agent until paid, and shall be
93 15 recoverable at law in the same manner as other debts.

93 16 b. In computing the tax to be collected as the
93 17 result of any transaction, the tax computation must be
93 18 carried to the third decimal place. Whenever the
93 19 third decimal place is greater than four, the tax must
93 20 be rounded up to the next whole cent; whenever the
93 21 third decimal place is four or less, the tax must be
93 22 rounded downward to a whole cent. Sellers may elect
93 23 to compute the tax due on transactions on an item or
93 24 invoice basis. Sellers are not required to use a
93 25 bracket system.

93 26 c. The tax imposed upon those sales of motor
93 27 vehicle fuel which are subject to tax and refund under
93 28 chapter 452A shall be collected by the state treasurer
93 29 by way of deduction from refunds otherwise allowable
93 30 under that chapter. The treasurer shall transfer the
93 31 amount of such deductions from the motor vehicle fuel
93 32 tax fund to the special tax fund.

93 33 2. Use tax shall be collected in the following
93 34 manner:

93 35 a. The tax upon the use of all vehicles subject to
93 36 registration or subject only to the issuance of a
93 37 certificate of title or the tax upon the use of
93 38 manufactured housing shall be collected by the county
93 39 treasurer or the state department of transportation
93 40 pursuant to sections 423.26 and 423.27. The county
93 41 treasurer shall retain one dollar from each tax
93 42 payment collected, to be credited to the county
93 43 general fund.

93 44 b. The tax upon the use of all tangible personal
93 45 property other than that enumerated in paragraph "a",
93 46 which is sold by a seller who is a retailer
93 47 maintaining a place of business in this state, or by
93 48 such other retailer or agent as the director shall
93 49 authorize pursuant to section 423.30, shall be
93 50 collected by the retailer or agent and remitted to the
94 1 department, pursuant to the provisions of paragraph
94 2 "e", and sections 423.24, 423.29, 423.30, 423.32, and
94 3 423.33.

94 4 c. The tax upon the use of all tangible personal
94 5 property not paid pursuant to paragraphs "a" and "b"
94 6 shall be paid to the department directly by any person
94 7 using the property within this state, pursuant to the
94 8 provisions of section 423.34.

94 9 d. The tax imposed on the use of services
94 10 enumerated in section 423.5 shall be collected,
94 11 remitted, and paid to the department of revenue and
94 12 finance in the same manner as use tax on tangible
94 13 personal property is collected, remitted, and paid
94 14 under this subchapter.

94 15 e. All persons obligated by paragraph "a", "b", or
94 16 "d", to collect use tax shall, as far as practicable,
94 17 add that tax, or the average equivalent thereof, to
94 18 the purchase price, less trade-ins allowed and taken,
94 19 and when added the tax shall constitute a part of the
94 20 purchase price. Use tax which this section requires
94 21 to be collected by a retailer and any tax collected
94 22 pursuant to this section by a retailer shall
94 23 constitute a debt owed by the retailer to this state.
94 24 Tax which must be paid directly to the department,
94 25 pursuant to paragraph "c" or "d", is to be computed
94 26 and added by the consumer or user to the purchase
94 27 price in the same manner as this paragraph requires a
94 28 seller to compute and add the tax. The tax shall be a
94 29 debt from the consumer or user to the department until
94 30 paid, and shall be recoverable at law in the same
94 31 manner as other debts.

94 32 Sec. 117. NEW SECTION. 423.15 GENERAL SOURCING
94 33 RULES.

94 34 All sellers obligated to collect Iowa sales or use
94 35 tax shall use the standards set out in this section to
94 36 determine where sales of products occur, excluding
94 37 sales enumerated in section 423.16. These provisions
94 38 apply regardless of the characterization of a product

94 39 as tangible personal property, a digital good, or a
94 40 service, excluding telecommunications services. This
94 41 section only applies to determine a seller's
94 42 obligation to pay or collect and remit a sales or use
94 43 tax with respect to the seller's sale of a product.
94 44 This section does not affect the obligation of a
94 45 purchaser or lessee to remit tax on the use of the
94 46 product to the taxing jurisdictions in which the use
94 47 occurs. A seller's obligation to collect Iowa sales
94 48 tax or Iowa use tax only occurs if the sale is sourced
94 49 to this state. The application of whether Iowa sales
94 50 tax applies to sales sourced to Iowa depends upon
95 1 where the sale is consummated by delivery.
95 2 1. Sales, excluding leases or rentals other than
95 3 leases or rentals set out in subsection 2, of products
95 4 shall be sourced as follows.
95 5 a. When the product is received by the purchaser
95 6 at a business location of the seller, the sale is
95 7 sourced to that business location.
95 8 b. When the product is not received by the
95 9 purchaser at a business location of the seller, the
95 10 sale is sourced to the location where receipt by the
95 11 purchaser or the purchaser's donee, designated as such
95 12 by the purchaser, occurs, including the location
95 13 indicated by instructions for delivery to the
95 14 purchaser or donee, known to the seller.
95 15 c. When paragraphs "a" and "b" do not apply, the
95 16 sale is sourced to the location indicated by an
95 17 address for the purchaser that is available from the
95 18 business records of the seller that are maintained in
95 19 the ordinary course of the seller's business when use
95 20 of this address does not constitute bad faith.
95 21 d. When paragraphs "a", "b", and "c" do not apply,
95 22 the sale is sourced to the location indicated by an
95 23 address for the purchaser obtained during the
95 24 consummation of the sale, including the address of a
95 25 purchaser's payment instrument, if no other address is
95 26 available, when use of this address does not
95 27 constitute bad faith.
95 28 e. When paragraphs "a", "b", "c", and "d" do not
95 29 apply, including the circumstance where the seller is
95 30 without sufficient information to apply the previous
95 31 rules, then the location will be determined by the
95 32 address from which tangible personal property was
95 33 shipped, from which the digital good or the computer
95 34 software delivered electronically was first available
95 35 for transmission by the seller, or from which the
95 36 service was provided disregarding for these purposes
95 37 any location that merely provided the digital transfer
95 38 of the product sold.
95 39 2. The lease or rental of tangible personal
95 40 property, other than property identified in subsection
95 41 3 or section 423.16, shall be sourced as follows:
95 42 a. For a lease or rental that requires recurring
95 43 periodic payments, the first periodic payment is
95 44 sourced the same as a retail sale in accordance with
95 45 the provisions of subsection 1. Periodic payments
95 46 made subsequent to the first payment are sourced to
95 47 the primary property location for each period covered
95 48 by the payment. The primary property location shall
95 49 be as indicated by an address for the property
95 50 provided by the lessee that is available to the lessor
96 1 from its records maintained in the ordinary course of
96 2 business, when use of this address does not constitute
96 3 bad faith. The property location shall not be altered
96 4 by intermittent use at different locations, such as
96 5 use of business property that accompanies employees on
96 6 business trips and service calls.
96 7 b. For a lease or rental that does not require
96 8 recurring periodic payments, the payment is sourced
96 9 the same as a retail sale in accordance with the
96 10 provisions of subsection 1.
96 11 c. This subsection does not affect the imposition
96 12 or computation of sales or use tax on leases or
96 13 rentals based on a lump sum or accelerated basis, or
96 14 on the acquisition of property for lease.
96 15 3. The retail sale, including lease or rental, of
96 16 transportation equipment shall be sourced the same as
96 17 a retail sale in accordance with the provisions of
96 18 subsection 1, notwithstanding the exclusion of lease
96 19 or rental in that subsection. "Transportation

96 20 equipment" means any of the following:

96 21 a. Locomotives or railcars that are utilized for
96 22 the carriage of persons or property in interstate
96 23 commerce.

96 24 b. Trucks and truck=tractors with a gross vehicle
96 25 weight rating of ten thousand one pounds or greater,
96 26 trailers, semitrailers, or passenger buses that meet
96 27 both of the following requirements:

96 28 (1) Are registered through the international
96 29 registration plan.

96 30 (2) Are operated under authority of a carrier
96 31 authorized and certificated by the United States
96 32 department of transportation or another federal
96 33 authority to engage in the carriage of persons or
96 34 property in interstate commerce.

96 35 c. Aircraft that are operated by air carriers
96 36 authorized and certificated by the United States
96 37 department of transportation or another federal or a
96 38 foreign authority to engage in the carriage of persons
96 39 or property in interstate or foreign commerce.

96 40 d. Containers designed for use on and component
96 41 parts attached or secured on the items set forth in
96 42 paragraphs "a" through "c".

96 43 Sec. 118. NEW SECTION. 423.16 TRANSACTIONS TO
96 44 WHICH THE GENERAL SOURCING RULES DO NOT APPLY.
96 45 Section 423.15 does not apply to sales or use taxes
96 46 levied on the following:

96 47 1. The retail sale or transfer of watercraft,
96 48 modular homes, manufactured housing, or mobile homes,
96 49 and the retail sale, excluding lease or rental, of
96 50 motor vehicles, trailers, semitrailers, or aircraft
97 1 that do not qualify as transportation equipment, as
97 2 defined in section 423.15, subsection 3.

97 3 2. The lease or rental of motor vehicles,
97 4 trailers, semitrailers, or aircraft that do not
97 5 qualify as transportation equipment, as defined in
97 6 section 423.15, subsection 3, which shall be sourced
97 7 in accordance with section 423.17.

97 8 3. Transactions to which the multiple points use
97 9 exemption is applicable, which shall be sourced in
97 10 accordance with section 423.18.

97 11 4. Transactions to which direct mail sourcing is
97 12 applicable, which shall be sourced in accordance with
97 13 section 423.19.

97 14 5. Telecommunications services, as set out in
97 15 section 423.20, which shall be sourced in accordance
97 16 with section 423.20, subsection 2.

97 17 Sec. 119. NEW SECTION. 423.17 SOURCING RULES FOR
97 18 VARIOUS TYPES OF LEASED OR RENTED EQUIPMENT WHICH IS
97 19 NOT TRANSPORTATION EQUIPMENT.

97 20 The lease or rental of motor vehicles, trailers,
97 21 semitrailers, or aircraft that do not qualify as
97 22 transportation equipment, as defined in section
97 23 423.15, subsection 3, shall be sourced as follows:

97 24 1. For a lease or rental that requires recurring
97 25 periodic payments, each periodic payment is sourced to
97 26 the primary property location. The primary property
97 27 location shall be as indicated by an address for the
97 28 property provided by the lessee that is available to
97 29 the lessor from its records maintained in the ordinary
97 30 course of business, when use of this address does not
97 31 constitute bad faith. This location shall not be
97 32 altered by intermittent use at different locations.

97 33 2. For a lease or rental that does not require
97 34 recurring periodic payments, the payment is sourced
97 35 the same as a retail sale in accordance with the
97 36 provisions of section 423.15, subsection 1.

97 37 3. This section does not affect the imposition or
97 38 computation of sales or use tax on leases or rentals
97 39 based on a lump sum or accelerated basis, or on the
97 40 acquisition of property for lease.

97 41 Sec. 120. NEW SECTION. 423.18 MULTIPLE POINTS OF
97 42 USE EXEMPTION FORMS.

97 43 A business purchaser that is not a holder of a
97 44 direct pay tax permit pursuant to section 423.36 that
97 45 knows at the time of its purchase of a digital good,
97 46 computer software delivered electronically, or a
97 47 service that the digital good, computer software
97 48 delivered electronically, or service will be
97 49 concurrently available for use in more than one
97 50 jurisdiction shall deliver to the seller in

98 1 conjunction with its purchase a "multiple points of
98 2 use" or "MPU" exemption form disclosing this fact.
98 3 1. Upon receipt of the MPU exemption form, the
98 4 seller is relieved of all obligation to collect, pay,
98 5 or remit the applicable tax and the purchaser shall be
98 6 obligated to collect, pay, or remit the applicable tax
98 7 on a direct pay basis.

98 8 2. A purchaser delivering the MPU exemption form
98 9 may use any reasonable, but consistent and uniform,
98 10 method of apportionment that is supported by the
98 11 purchaser's business records as they exist at the time
98 12 of the consummation of the sale.

98 13 3. The MPU exemption form will remain in effect
98 14 for all future sales by the seller to the purchaser
98 15 except as to the subsequent sale's specific
98 16 apportionment that is governed by the principle of
98 17 subsection 2 and the facts existing at the time of the
98 18 sale until it is revoked in writing.

98 19 4. A holder of a direct pay tax permit under
98 20 section 423.36 shall not be required to deliver an MPU
98 21 exemption form to the seller. A direct pay tax permit
98 22 holder shall follow the provisions of subsection 2 in
98 23 apportioning the tax due on a digital good, computer
98 24 software delivered electronically, or service that
98 25 will be concurrently available for use in more than
98 26 one jurisdiction.

98 27 Sec. 121. NEW SECTION. 423.19 DIRECT MAIL
98 28 SOURCING.

98 29 1. Notwithstanding section 423.15, a purchaser of
98 30 direct mail that is not a holder of a direct pay tax
98 31 permit pursuant to section 423.36 shall provide to the
98 32 seller in conjunction with the purchase either a
98 33 direct mail form or information to show the
98 34 jurisdictions to which the direct mail is delivered to
98 35 recipients.

98 36 a. Upon receipt of the direct mail form, the
98 37 seller is relieved of all obligations to collect, pay,
98 38 or remit the applicable tax and the purchaser is
98 39 obligated to pay or remit the applicable tax on a
98 40 direct pay basis. A direct mail form shall remain in
98 41 effect for all future sales of direct mail by the
98 42 seller to the purchaser until it is revoked in
98 43 writing.

98 44 b. Upon receipt of information from the purchaser
98 45 showing the jurisdictions to which the direct mail is
98 46 delivered to recipients, the seller shall collect the
98 47 tax according to the delivery information provided by
98 48 the purchaser. In the absence of bad faith, the
98 49 seller is relieved of any further obligation to
98 50 collect tax on any transaction where the seller has
99 1 collected tax pursuant to the delivery information
99 2 provided by the purchaser.

99 3 2. If the purchaser of direct mail does not have a
99 4 direct pay tax permit and does not provide the seller
99 5 with either a direct mail form or delivery
99 6 information, as required by subsection 1, the seller
99 7 shall collect the tax according to section 423.15,
99 8 subsection 1, paragraph "e". Nothing in this
99 9 subsection shall limit a purchaser's obligation for
99 10 sales or use tax to any state to which the direct mail
99 11 is delivered.

99 12 3. If a purchaser of direct mail provides the
99 13 seller with documentation of direct pay authority, the
99 14 purchaser shall not be required to provide a direct
99 15 mail form or delivery information to the seller.

99 16 Sec. 122. NEW SECTION. 423.20 TELECOMMUNICATIONS
99 17 SERVICE SOURCING.

99 18 1. As used in this section:

99 19 a. "Air-to-ground radiotelephone service" means a
99 20 radio service, as that term is used in 47 C.F.R. }
99 21 22.99, in which common carriers are authorized to
99 22 offer and provide radio telecommunications service for
99 23 hire to subscribers in aircraft.

99 24 b. "Call-by-call basis" means any method of
99 25 charging for the telecommunications service where the
99 26 price is measured by individual calls.

99 27 c. "Communications channel" means a physical or
99 28 virtual path of communications over which signals are
99 29 transmitted between or among customer channel
99 30 termination points.

99 31 d. "Customer" means the person or entity that

99 32 contracts with the seller of the telecommunications
99 33 service. If the end user of the telecommunications
99 34 service is not the contracting party, the end user of
99 35 the telecommunications service is the customer of the
99 36 telecommunications service, but this sentence only
99 37 applies for the purpose of sourcing sales of the
99 38 telecommunications service under this section.
99 39 "Customer" does not include a reseller of a
99 40 telecommunications service or for mobile
99 41 telecommunications service of a serving carrier under
99 42 an agreement to serve the customer outside the home
99 43 service provider's licensed service area.
99 44 e. "Customer channel termination point" means the
99 45 location where the customer either inputs or receives
99 46 the communications.
99 47 f. "End user" means the person who utilizes the
99 48 telecommunications service. In the case of an entity,
99 49 "end user" means the individual who utilizes the
99 50 service on behalf of the entity.
100 1 g. "Home service provider" means the same as that
100 2 term is defined in the federal Mobile
100 3 Telecommunications Sourcing Act, Pub. L. No. 106=252,
100 4 4 U.S.C. } 124(5).
100 5 h. "Mobile telecommunications service" means the
100 6 same as that term is defined in federal Mobile
100 7 Telecommunications Sourcing Act, Pub. L. No. 106=252,
100 8 4 U.S.C. } 124(7).
100 9 i. "Place of primary use" means the street address
100 10 representative of where the customer's use of the
100 11 telecommunications service primarily occurs, which
100 12 must be the residential street address or the primary
100 13 business street address of the customer. In the case
100 14 of mobile telecommunications service, "place of
100 15 primary use" must be within the licensed service area
100 16 of the home service provider.
100 17 j. "Postpaid calling service" means the
100 18 telecommunications service obtained by making a
100 19 payment on a call-by-call basis either through the use
100 20 of a credit card or payment mechanism such as a bank
100 21 card, travel card, credit card, or debit card, or by
100 22 charge made to a telephone number which is not
100 23 associated with the origination or termination of the
100 24 telecommunications service. A "postpaid calling
100 25 service" includes a telecommunications service that
100 26 would be a prepaid calling service except it is not
100 27 exclusively a telecommunications service.
100 28 k. "Prepaid calling service" means the right to
100 29 access exclusively telecommunications services, which
100 30 must be paid for in advance and which enables the
100 31 origination of calls using an access number or
100 32 authorization code, whether manually or electronically
100 33 dialed, and that is sold in predetermined units or
100 34 dollars of which the amount declines with use in a
100 35 known amount.
100 36 l. "Private communication service" means a
100 37 telecommunications service that entitles the customer
100 38 to exclusive or priority use of a communications
100 39 channel or group of channels between or among
100 40 termination points, regardless of the manner in which
100 41 such channel or channels are connected, and includes
100 42 switching capacity, extension lines, stations, and any
100 43 other associated services that are provided in
100 44 connection with the use of such channel or channels.
100 45 m. "Service address" means one of the following:
100 46 (1) The location of the telecommunications
100 47 equipment to which a customer's call is charged and
100 48 from which the call originates or terminates,
100 49 regardless of where the call is billed or paid.
100 50 (2) If the location in subparagraph (1) is not
101 1 known, "service address" means the origination point
101 2 of the signal of the telecommunications service first
101 3 identified by either the seller's telecommunications
101 4 system or in information received by the seller from
101 5 its service provider, where the system used to
101 6 transport such signals is not that of the seller.
101 7 (3) If the locations in subparagraphs (1) and (2)
101 8 are not known, the "service address" means the
101 9 location of the customer's place of primary use.
101 10 2. Sales of telecommunications services shall be
101 11 sourced in the following manner:
101 12 a. Except for the defined telecommunications

101 13 services in paragraph "c", the sale of
101 14 telecommunications services sold on a call-by-call
101 15 basis shall be sourced to one of the following:
101 16 (1) Each level of taxing jurisdiction where the
101 17 call originates and terminates in that jurisdiction.
101 18 (2) Each level of taxing jurisdiction where the
101 19 call either originates or terminates and in which the
101 20 service address is also located.
101 21 b. Except for the defined telecommunications
101 22 services in paragraph "c", a sale of
101 23 telecommunications services sold on a basis other than
101 24 a call-by-call basis is sourced to the customer's
101 25 place of primary use.
101 26 c. Sale of the following telecommunications
101 27 services shall be sourced to each level of taxing
101 28 jurisdiction as follows:
101 29 (1) A sale of mobile telecommunications services
101 30 other than air-to-ground radiotelephone service or
101 31 prepaid calling service is sourced to the customer's
101 32 place of primary use as required by the federal Mobile
101 33 Telecommunications Sourcing Act.
101 34 (2) A sale of postpaid calling service is sourced
101 35 to the origination point of the telecommunications
101 36 signal as first identified by either of the following:
101 37 (a) The seller's telecommunications system.
101 38 (b) Information received by the seller from its
101 39 service provider, where the system used to transport
101 40 such signals is not that of the seller.
101 41 (3) A sale of prepaid calling service is sourced
101 42 in accordance with section 423.15. However, in the
101 43 case of a sale of mobile telecommunications services
101 44 that is a prepaid telecommunications service, the rule
101 45 provided in section 423.15, subsection 1, paragraph
101 46 "e", shall include as an option the location
101 47 associated with the mobile telephone number.
101 48 (4) A sale of a private telecommunications service
101 49 is sourced as follows:
101 50 (a) Service for a separate charge related to a
102 1 customer channel termination point is sourced to each
102 2 level of jurisdiction in which such customer channel
102 3 termination point is located.
102 4 (b) Service where all customer termination points
102 5 are located entirely within one jurisdiction or level
102 6 of jurisdiction is sourced in such jurisdiction in
102 7 which the customer channel termination points are
102 8 located.
102 9 (c) Service for segments of a channel between two
102 10 customer channel termination points located in
102 11 different jurisdictions and which segments of a
102 12 channel are separately charged is sourced fifty
102 13 percent in each level of jurisdiction in which the
102 14 customer channel termination points are located.
102 15 (d) Service for segments of a channel located in
102 16 more than one jurisdiction or levels of jurisdiction
102 17 and which segments are not separately billed is
102 18 sourced in each jurisdiction based on the percentage
102 19 determined by dividing the number of customer channel
102 20 termination points in such jurisdiction by the total
102 21 number of customer channel termination points.
102 22 Sec. 123. NEW SECTION. 423.21 BAD DEBT
102 23 DEDUCTIONS.
102 24 1. For the purposes of this section, "bad debt"
102 25 means an amount properly calculated pursuant to
102 26 section 166 of the Internal Revenue Code then adjusted
102 27 to exclude financing charges or interest, sales or use
102 28 taxes charged on the purchase price, uncollectible
102 29 amounts on property that remain in the possession of
102 30 the seller until the full purchase price is paid,
102 31 expenses incurred in attempting to collect any debt,
102 32 and repossessed property.
102 33 2. In computing the amount of tax due, a seller
102 34 may deduct bad debts from the total amount upon which
102 35 the tax is calculated for any return. Any deduction
102 36 taken or refund paid which is attributed to bad debts
102 37 shall not include interest.
102 38 3. A seller may deduct bad debts on the return for
102 39 the period during which the bad debt is written off as
102 40 uncollectible in the seller's books and records and is
102 41 eligible to be deducted for federal income tax
102 42 purposes. For purposes of this subsection, a seller
102 43 who is not required to file federal income tax returns

102 44 may deduct a bad debt on a return filed for the period
102 45 in which the bad debt is written off as uncollectible
102 46 in the seller's books and records and would be
102 47 eligible for a bad debt deduction for federal income
102 48 tax purposes if the seller were required to file a
102 49 federal income tax return.

102 50 4. If a deduction is taken for a bad debt and the
103 1 seller subsequently collects the debt in whole or in
103 2 part, the tax on the amount so collected must be paid
103 3 and reported on the return filed for the period in
103 4 which the collection is made.

103 5 5. A seller may obtain a refund of tax on any
103 6 amount of bad debt that exceeds the amount of taxable
103 7 sales within the period allowed for refund claims by
103 8 section 423.47. However, the period allowed for
103 9 refund claims shall be measured from the due date of
103 10 the return on which the bad debt could first be
103 11 claimed.

103 12 6. For the purposes of computing a bad debt
103 13 deduction or reporting a payment received on a
103 14 previously claimed bad debt, any payments made on a
103 15 debt or account shall be applied first to the price of
103 16 the property or service and tax thereon,
103 17 proportionally, and secondly to interest, service
103 18 charges, and any other charges.

103 19 Sec. 124. NEW SECTION. 423.22 TAXATION IN
103 20 ANOTHER STATE.

103 21 If any person who causes tangible personal property
103 22 to be brought into this state or who uses in this
103 23 state services enumerated in section 423.2 has already
103 24 paid a tax in another state in respect to the sale or
103 25 use of the property or the performance of the service,
103 26 or an occupation tax in respect to the property or
103 27 service, in an amount less than the tax imposed by
103 28 subchapter II or III, the provisions of those
103 29 subchapters shall apply, but at a rate measured by the
103 30 difference only between the rate fixed by subchapter
103 31 II or III and the rate by which the previous tax on
103 32 the sale or use, or the occupation tax, was computed.
103 33 If the tax imposed and paid in the other state is
103 34 equal to or more than the tax imposed by those
103 35 subchapters, then a tax is not due in this state on
103 36 the personal property or service.

103 37 Sec. 125. NEW SECTION. 423.23 SELLERS'
103 38 AGREEMENTS.

103 39 Agreements between competing sellers, or the
103 40 adoption of appropriate rules and regulations by
103 41 organizations or associations of sellers to provide
103 42 uniform methods for adding sales or use tax or the
103 43 average equivalent thereof, and which do not involve
103 44 price-fixing agreements otherwise unlawful, are
103 45 expressly authorized and shall be held not in
103 46 violation of chapter 553 or other antitrust laws of
103 47 this state. The director shall cooperate with
103 48 sellers, organizations, or associations in formulating
103 49 agreements and rules.

103 50 Sec. 126. NEW SECTION. 423.24 ABSORBING TAX
104 1 PROHIBITED.

104 2 A seller shall not advertise or hold out or state
104 3 to the public or to any purchaser, consumer, or user,
104 4 directly or indirectly, that the taxes or any parts
104 5 thereof imposed by subchapter II or III will be
104 6 assumed or absorbed by the seller or the taxes will
104 7 not be added to the sales price of the property sold,
104 8 or if added that the taxes or any part thereof will be
104 9 refunded. Any person violating any of the provisions
104 10 of this section within this state is guilty of a
104 11 simple misdemeanor.

104 12 Sec. 127. NEW SECTION. 423.25 DIRECTOR'S POWER
104 13 TO ADOPT RULES.

104 14 The director shall have the power to adopt rules
104 15 for adding the taxes imposed by subchapters II and
104 16 III, or the average equivalents thereof, by providing
104 17 different methods applying uniformly to retailers
104 18 within the same general classification for the purpose
104 19 of enabling the retailers to add and collect, as far
104 20 as practicable, the amounts of those taxes.

104 21 Sec. 128. NEW SECTION. 423.26 VEHICLES SUBJECT
104 22 TO REGISTRATION OR ONLY TO THE ISSUANCE OF TITLE ==
104 23 MANUFACTURED HOUSING.

104 24 The use tax imposed upon the use of vehicles

104 25 subject to registration or subject only to the
104 26 issuance of a certificate of title or imposed upon the
104 27 use of manufactured housing shall be paid by the owner
104 28 of the vehicle or of the manufactured housing to the
104 29 county treasurer or the state department of
104 30 transportation from whom the registration receipt or
104 31 certificate of title is obtained. A registration
104 32 receipt for a vehicle subject to registration or
104 33 certificate of title shall not be issued until the tax
104 34 has been paid. The county treasurer or the state
104 35 department of transportation shall require every
104 36 applicant for a registration receipt for a vehicle
104 37 subject to registration or certificate of title to
104 38 supply information as the county treasurer or the
104 39 director deems necessary as to the time of purchase,
104 40 the purchase price, installed purchase price, and
104 41 other information relative to the purchase of the
104 42 vehicle or manufactured housing. On or before the
104 43 tenth day of each month, the county treasurer or the
104 44 state department of transportation shall remit to the
104 45 department the amount of the taxes collected during
104 46 the preceding month.

104 47 A person who willfully makes a false statement in
104 48 regard to the purchase price of a vehicle subject to
104 49 taxation under this section is guilty of a fraudulent
104 50 practice. A person who willfully makes a false
105 1 statement in regard to the purchase price of such a
105 2 vehicle with the intent to evade the payment of tax
105 3 shall be assessed a penalty of seventy-five percent of
105 4 the amount of tax unpaid and required to be paid on
105 5 the actual purchase price less trade-in allowance.

105 6 Sec. 129. NEW SECTION. 423.27 MOTOR VEHICLE
105 7 LEASE TAX.

105 8 1. The use tax imposed upon the use of leased
105 9 vehicles subject to registration under chapter 321,
105 10 with gross vehicle weight ratings of less than sixteen
105 11 thousand pounds, excluding motorcycles and motorized
105 12 bicycles, which are leased by a lessor licensed
105 13 pursuant to chapter 321F for a period of twelve months
105 14 or more shall be paid by the owner of the vehicle to
105 15 the county treasurer or state department of
105 16 transportation from whom the registration receipt or
105 17 certificate of title is obtained. A registration
105 18 receipt for a vehicle subject to registration or
105 19 issuance of a certificate of title shall not be issued
105 20 until the tax is paid in the initial instance. Tax on
105 21 the lease transaction that does not require titling or
105 22 registration of the vehicle shall be remitted to the
105 23 department. Tax and the reporting of tax due to the
105 24 department shall be remitted on or before fifteen days
105 25 from the last day of the month that the vehicle lease
105 26 tax becomes due. Failure to timely report or remit
105 27 any of the tax when due shall result in a penalty and
105 28 interest being imposed on the tax due pursuant to
105 29 section 423.40, subsection 1, and section 423.42,
105 30 subsection 1.

105 31 2. The amount subject to tax shall be computed on
105 32 each separate lease transaction by taking the total of
105 33 the lease payments, plus the down payment, and
105 34 excluding all of the following:

- 105 35 a. Title fee.
- 105 36 b. Registration fees.
- 105 37 c. Vehicle lease tax pursuant to this section.
- 105 38 d. Federal excise taxes attributable to the sale
105 39 of the vehicle to the owner or to the lease of the
105 40 vehicle by the owner.
- 105 41 e. Optional service or warranty contracts subject
105 42 to tax pursuant to section 423.2, subsection 1.
- 105 43 f. Insurance.
- 105 44 g. Manufacturer's rebate.
- 105 45 h. Refundable deposit.
- 105 46 i. Finance charges, if any, on items listed in
105 47 paragraphs "a" through "h".

105 48 If any or all of the items in paragraphs "a"
105 49 through "i" are excluded from the taxable lease price,
105 50 the owner shall maintain adequate records of the
106 1 amounts of those items. If the parties to a lease
106 2 enter into an agreement providing that the tax imposed
106 3 under this statute is to be paid by the lessee or
106 4 included in the monthly lease payments to be paid by
106 5 the lessee, the total cost of the tax shall not be

106 6 included in the computation of lease price for the
106 7 purpose of taxation under this section. The county
106 8 treasurer, the state department of transportation, or
106 9 the department of revenue and finance shall require
106 10 every applicant for a registration receipt for a
106 11 vehicle subject to tax under this section to supply
106 12 information as the county treasurer or director deems
106 13 necessary as to the date of the lease transaction, the
106 14 lease price, and other information relative to the
106 15 lease of the vehicle.

106 16 3. On or before the tenth day of each month, the
106 17 county treasurer or the state department of
106 18 transportation shall remit to the department the
106 19 amount of the taxes collected during the preceding
106 20 month.

106 21 4. If the lease is terminated prior to the
106 22 termination date contained in the lease agreement, no
106 23 refund shall be allowed for tax previously paid under
106 24 this section, except as provided in section 322G.4.

106 25 Sec. 130. NEW SECTION. 423.28 SALES TAX REPORT
106 26 == DEDUCTION.

106 27 Motor vehicle or trailer dealers, in making their
106 28 reports and returns to the department for the purpose
106 29 of paying the sales tax, shall be permitted to deduct
106 30 all sales prices from retail sales of vehicles subject
106 31 to registration or subject only to the issuance of a
106 32 certificate of title. Sales prices from sales of
106 33 vehicles subject to registration or subject only to
106 34 the issuance of a certificate of title are exempted
106 35 from the sales tax, but, if required by the director,
106 36 the sales prices shall be included in the returns made
106 37 by motor vehicle or trailer dealers under subchapter
106 38 II, and proper deductions taken pursuant to this
106 39 section.

106 40 Sec. 131. NEW SECTION. 423.29 COLLECTIONS BY
106 41 SELLERS.

106 42 Every seller who is a retailer and who is making
106 43 taxable sales of tangible personal property in Iowa
106 44 shall, at the time of selling the property, collect
106 45 the sales tax. Every seller who is a retailer
106 46 maintaining a place of business in this state and
106 47 selling tangible personal property for use in Iowa
106 48 shall, at the time of making the sale, whether within
106 49 or without the state, collect the use tax. Sellers
106 50 required to collect sales or use tax shall give to any
107 1 purchaser a receipt for the tax collected in the
107 2 manner and form prescribed by the director.

107 3 Every seller who is a retailer furnishing taxable
107 4 services in Iowa and every seller who is a retailer
107 5 maintaining a place of business in this state and
107 6 furnishing taxable services in Iowa or services
107 7 outside Iowa if the product or result of the service
107 8 is used in Iowa shall be subject to the provisions of
107 9 the preceding paragraph.

107 10 Sec. 132. NEW SECTION. 423.30 FOREIGN SELLERS
107 11 NOT REGISTERED UNDER THE AGREEMENT.

107 12 The director may, upon application, authorize the
107 13 collection of the use tax by any seller who is a
107 14 retailer not maintaining a place of business within
107 15 this state and not registered under the agreement,
107 16 who, to the satisfaction of the director, furnishes
107 17 adequate security to ensure collection and payment of
107 18 the tax. Such sellers shall be issued, without
107 19 charge, permits to collect tax subject to any
107 20 regulations which the director shall prescribe. When
107 21 so authorized, it shall be the duty of foreign sellers
107 22 to collect the tax upon all tangible personal property
107 23 sold, to the retailer's knowledge, for use within this
107 24 state, in the same manner and subject to the same
107 25 requirements as a retailer maintaining a place of
107 26 business within this state. The authority and permit
107 27 may be canceled when, at any time, the director
107 28 considers the security inadequate, or that tax can
107 29 more effectively be collected from the person using
107 30 property in this state.

107 31 The discretionary power granted in this section is
107 32 extended to apply in the case of foreign retailers
107 33 furnishing services enumerated in section 423.2.

107 34 Sec. 133. NEW SECTION. 423.31 FILING OF SALES
107 35 TAX RETURNS AND PAYMENT OF SALES TAX.

107 36 1. Each person subject to this section and section

107 37 423.36 and in accordance with the provisions of this
107 38 section and section 423.36 shall, on or before the
107 39 last day of the month following the close of each
107 40 calendar quarter during which such person is or has
107 41 become or ceased being subject to the provisions of
107 42 this section and section 423.36, make, sign, and file
107 43 a return for the calendar quarter in the form as may
107 44 be required. Returns shall show information relating
107 45 to sales prices including goods, wares, and services
107 46 converted to the use of such person, the amounts of
107 47 sales prices excluded and exempt from the tax, the
107 48 amounts of sales prices subject to tax, a calculation
107 49 of tax due, and any other information for the period
107 50 covered by the return as may be required. Returns
108 1 shall be signed by the retailer or the retailer's
108 2 authorized agent and must be certified by the retailer
108 3 to be correct in accordance with forms and rules
108 4 prescribed by the director.

108 5 2. Persons required to file, or committed to file
108 6 by reason of voluntary action or by order of the
108 7 department, deposits of taxes due under this
108 8 subchapter shall be entitled to take credit against
108 9 the total quarterly amount of tax due such amount as
108 10 shall have been deposited by such persons during that
108 11 calendar quarter. The balance remaining due after
108 12 such credit for deposits shall be entered on the
108 13 return. However, such person may be granted an
108 14 extension of time not exceeding thirty days for filing
108 15 the quarterly return, upon a proper showing of
108 16 necessity. If an extension is granted, such person
108 17 shall have paid by the twentieth day of the month
108 18 following the close of such quarter ninety percent of
108 19 the estimated tax due.

108 20 3. The sales tax forms prescribed by the director
108 21 shall be referred to as "retailers tax deposit".
108 22 Deposit forms shall be signed by the retailer or the
108 23 retailer's duly authorized agent, and shall be duly
108 24 certified by the retailer or agent to be correct. The
108 25 director may authorize incorporated banks and trust
108 26 companies or other depositories authorized by law
108 27 which are depositories or financial agents of the
108 28 United States, or of this state, to receive any sales
108 29 tax imposed under this chapter, in the manner, at the
108 30 times, and under the conditions the director
108 31 prescribes. The director shall prescribe the manner,
108 32 times, and conditions under which the receipt of the
108 33 tax by those depositories is to be treated as payment
108 34 of the tax to the department.

108 35 4. Every retailer at the time of making any return
108 36 required by this section shall compute and pay to the
108 37 department the tax due for the preceding period. The
108 38 tax on sales prices from the sale or rental of
108 39 tangible personal property under a consumer rental
108 40 purchase agreement as defined in section 537.3604,
108 41 subsection 8, is payable in the tax period of receipt.

108 42 5. Upon making application and receiving approval
108 43 from the director, a parent corporation and its
108 44 affiliated corporations that make retail sales of
108 45 tangible personal property or taxable enumerated
108 46 services may make deposits and file a consolidated
108 47 sales tax return for the affiliated group, pursuant to
108 48 rules adopted by the director. A parent corporation
108 49 and each affiliate corporation that files a
108 50 consolidated return are jointly and severally liable
109 1 for all tax, penalty, and interest found due for the
109 2 tax period for which a consolidated return is filed or
109 3 required to be filed.

109 4 A business required to file a consolidated sales
109 5 tax return shall file a form entitled "schedule of
109 6 consolidated business locations" with its quarterly
109 7 sales tax return that shows the taxpayer's
109 8 consolidated permit number, the permit number for each
109 9 Iowa business location, the state sales tax amount by
109 10 business location, and the amount of state sales tax
109 11 due on goods consumed that are not assigned to a
109 12 specific business location. Consolidated quarterly
109 13 sales tax returns that are not accompanied by the
109 14 schedule of consolidated business locations form are
109 15 considered incomplete and are subject to penalty under
109 16 section 421.27.

109 17 6. If necessary or advisable in order to insure

109 18 the payment of the tax, the director may require
109 19 returns and payment of the tax to be made for other
109 20 than quarterly periods, the provisions of this
109 21 section, or other provision to the contrary
109 22 notwithstanding.

109 23 Sec. 134. NEW SECTION. 423.32 FILING OF USE TAX
109 24 RETURNS AND PAYMENT OF USE TAX.

109 25 1. A retailer maintaining a place of business in
109 26 this state who is required to collect or a user who is
109 27 required to pay the use tax or a foreign retailer
109 28 authorized, pursuant to section 423.30, to collect the
109 29 use tax, shall remit to the department the amount of
109 30 tax on or before the last day of the month following
109 31 each calendar quarterly period. However, a retailer
109 32 who collects or owes more than fifteen hundred dollars
109 33 in use taxes in a month shall deposit with the
109 34 department or in a depository authorized by law and
109 35 designated by the director, the amount collected or
109 36 owed, with a deposit form for the month as prescribed
109 37 by the director.

109 38 a. The deposit form is due on or before the
109 39 twentieth day of the month following the month of
109 40 collection, except a deposit is not required for the
109 41 third month of the calendar quarter, and the total
109 42 quarterly amount, less the amounts deposited for the
109 43 first two months of the quarter, is due with the
109 44 quarterly report on the last day of the month
109 45 following the month of collection. At that time, the
109 46 retailer shall file with the department a return for
109 47 the preceding quarterly period in the form prescribed
109 48 by the director showing the purchase price of the
109 49 tangible personal property sold by the retailer during
109 50 the preceding quarterly period, the use of which is
110 1 subject to the use tax imposed by this chapter, and
110 2 other information the director deems necessary for the
110 3 proper administration of the use tax.

110 4 b. The return shall be accompanied by a remittance
110 5 of the use tax for the period covered by the return.
110 6 If necessary in order to ensure payment to the state
110 7 of the tax, the director may in any or all cases
110 8 require returns and payments to be made for other than
110 9 quarterly periods. The director, upon request and a
110 10 proper showing of necessity, may grant an extension of
110 11 time not to exceed thirty days for making any return
110 12 and payment. Returns shall be signed, in accordance
110 13 with forms and rules prescribed by the director, by
110 14 the retailer or the retailer's authorized agent, and
110 15 shall be certified by the retailer or agent to be
110 16 correct.

110 17 2. If it is reasonably expected, as determined by
110 18 rules prescribed by the director, that a retailer's
110 19 annual sales or use tax liability will not exceed one
110 20 hundred twenty dollars for a calendar year, the
110 21 retailer may request and the director may grant
110 22 permission to the retailer, in lieu of the quarterly
110 23 filing and remitting requirements set out elsewhere in
110 24 this section, to file the return required by and remit
110 25 the sales or use tax due under this section on a
110 26 calendar-year basis. The return and tax are due and
110 27 payable no later than January 31 following each
110 28 calendar year in which the retailer carries on
110 29 business.

110 30 3. The director, in cooperation with the
110 31 department of management, may periodically change the
110 32 filing and remittance thresholds by administrative
110 33 rule if in the best interests of the state and
110 34 taxpayer to do so.

110 35 Sec. 135. NEW SECTION. 423.33 LIABILITY OF
110 36 PERSONS OTHER THAN RETAILERS FOR PAYMENT OF SALES OR
110 37 USE TAX.

110 38 1. LIABILITY OF PURCHASER FOR SALES TAX. If a
110 39 purchaser fails to pay sales tax to the retailer
110 40 required to collect the tax, then in addition to all
110 41 of the rights, obligations, and remedies provided, the
110 42 tax is payable by the purchaser directly to the
110 43 department, and sections 423.31, 423.32, 423.37,
110 44 423.38, 423.39, 423.40, 423.41, and 423.42 apply to
110 45 the purchaser. For failure to pay, the retailer and
110 46 purchaser are liable, unless the circumstances
110 47 described in section 421.60, subsection 2, paragraph
110 48 "m", or section 423.45, subsection 4, paragraph "b" or

110 49 "e", or subsection 5, paragraph "c" or "e", are
110 50 applicable.

111 1 2. IMMEDIATE SUCCESSOR LIABILITY FOR SALES OR USE
111 2 TAX. If a retailer sells the retailer's business or
111 3 stock of goods or quits the business, the retailer
111 4 shall prepare a final return and pay all sales or use
111 5 tax due within the time required by law. The
111 6 immediate successor to the retailer, if any, shall
111 7 withhold a sufficient portion of the purchase price,
111 8 in money or money's worth, to pay the amount of
111 9 delinquent tax, interest, or penalty due and unpaid.
111 10 If the immediate successor of the business or stock of
111 11 goods intentionally fails to withhold the amount due
111 12 from the purchase price as provided in this
111 13 subsection, the immediate successor is personally
111 14 liable for the payment of delinquent taxes, interest,
111 15 and penalty accrued and unpaid on account of the
111 16 operation of the business by the immediate former
111 17 retailer, except when the purchase is made in good
111 18 faith as provided in section 421.28. However, a
111 19 person foreclosing on a valid security interest or
111 20 retaking possession of premises under a valid lease is
111 21 not an "immediate successor" for purposes of this
111 22 section. The department may waive the liability of
111 23 the immediate successor under this subsection if the
111 24 immediate successor exercised good faith in
111 25 establishing the amount of the previous liability.

111 26 3. EVENT SPONSOR'S LIABILITY FOR SALES TAX. A
111 27 person sponsoring a flea market or a craft, antique,
111 28 coin, or stamp show or similar event shall obtain from
111 29 every retailer selling tangible personal property or
111 30 taxable services at the event proof that the retailer
111 31 possesses a valid sales tax permit or secure from the
111 32 retailer a statement, taken in good faith, that
111 33 property or services offered for sale are not subject
111 34 to sales tax. Failure to do so renders a sponsor of
111 35 the event liable for payment of any sales tax,
111 36 interest, and penalty due and owing from any retailer
111 37 selling property or services at the event. Sections
111 38 423.31, 423.32, 423.37, 423.38, 423.39, 423.40,
111 39 423.41, and 423.42 apply to the sponsors. For
111 40 purposes of this subsection, a person sponsoring a
111 41 flea market or a craft, antique, coin, or stamp show
111 42 or similar event does not include an organization
111 43 which sponsors an event less than three times a year
111 44 or a state, county, or district agricultural fair.

111 45 Sec. 136. NEW SECTION. 423.34 LIABILITY OF USER.
111 46 Any person who uses any property or services
111 47 enumerated in section 423.2 upon which the use tax has
111 48 not been paid, either to the county treasurer or to a
111 49 retailer or direct to the department as required by
111 50 this subchapter, shall be liable for the payment of
112 1 tax, and shall on or before the last day of the month
112 2 next succeeding each quarterly period pay the use tax
112 3 upon all property or services used by the person
112 4 during the preceding quarterly period in the manner
112 5 and accompanied by such returns as the director shall
112 6 prescribe. All of the provisions of sections 423.32
112 7 and 423.33 with reference to the returns and payments
112 8 shall be applicable to the returns and payments
112 9 required by this section.

112 10 Sec. 137. NEW SECTION. 423.35 POSTING OF BOND TO
112 11 SECURE PAYMENT.
112 12 The director may, when necessary and advisable in
112 13 order to secure the collection of the sales or use
112 14 tax, authorize any person subject to either tax, and
112 15 any retailer required or authorized to collect those
112 16 taxes pursuant to the provisions of section 423.14, to
112 17 file with the department a bond, issued by a surety
112 18 company authorized to transact business in this state
112 19 and approved by the insurance commissioner as to
112 20 solvency and responsibility, in an amount as the
112 21 director may fix, to secure the payment of any tax,
112 22 interest, or penalties due or which may become due
112 23 from such person. In lieu of a bond, securities
112 24 approved by the director, in an amount which the
112 25 director may prescribe, may be deposited with the
112 26 department, which securities shall be kept in the
112 27 custody of the department and may be sold by the
112 28 director at public or private sale, without notice to
112 29 the depositor, if it becomes necessary to do so in

112 30 order to recover any tax, interest, or penalties due.
112 31 Upon the sale, the surplus, if any, above the amounts
112 32 due under this chapter shall be returned to the person
112 33 who deposited the securities.
112 34 Sec. 138. NEW SECTION. 423.36 PERMITS REQUIRED
112 35 TO COLLECT SALES OR USE TAX == APPLICATIONS ==
112 36 REVOCATION.

112 37 1. A person shall not engage in or transact
112 38 business as a retailer making taxable sales of
112 39 tangible personal property or furnishing services
112 40 within this state or as a retailer making taxable
112 41 sales of tangible personal property or furnishing
112 42 services for use within this state, unless a permit
112 43 has been issued to the retailer under this section,
112 44 except as provided in subsection 6. Every person
112 45 desiring to engage in or transact business as a
112 46 retailer shall file with the department an application
112 47 for a permit to collect sales or use tax. Every
112 48 application for a sales or use tax permit shall be
112 49 made upon a form prescribed by the director and shall
112 50 set forth any information the director may require.

113 1 The application shall be signed by an owner of the
113 2 business if a natural person; in the case of a
113 3 retailer which is an association or partnership, by a
113 4 member or partner; and in the case of a retailer which
113 5 is a corporation, by an executive officer or some
113 6 person specifically authorized by the corporation to
113 7 sign the application, to which shall be attached the
113 8 written evidence of the person's authority.

113 9 2. To collect sales or use tax, the applicant must
113 10 have a permit for each place of business in the state
113 11 of Iowa. The department may deny a permit to an
113 12 applicant who is substantially delinquent in paying a
113 13 tax due, or the interest or penalty on the tax,
113 14 administered by the department at the time of
113 15 application. If the applicant is a partnership, a
113 16 permit may be denied if a partner is substantially
113 17 delinquent in paying any delinquent tax, penalty, or
113 18 interest. If the applicant is a corporation, a permit
113 19 may be denied if any officer having a substantial
113 20 legal or equitable interest in the ownership of the
113 21 corporation owes any delinquent tax, penalty, or
113 22 interest.

113 23 3. The department shall grant and issue to each
113 24 applicant a permit for each place of business in this
113 25 state where sales or use tax is collected. A permit
113 26 is not assignable and is valid only for the person in
113 27 whose name it is issued and for the transaction of
113 28 business at the place designated or at a place of
113 29 relocation within the state if the ownership remains
113 30 the same.

113 31 If an applicant is making sales outside Iowa for
113 32 use in this state or furnishing services outside Iowa,
113 33 the product or result of which will be used in this
113 34 state, that applicant shall be issued one use tax
113 35 permit by the department applicable to these out-of=
113 36 state sales or services.

113 37 4. Permits issued under this section are valid and
113 38 effective until revoked by the department.

113 39 5. If the holder of a permit fails to comply with
113 40 any of the provisions of this subchapter or of
113 41 subchapter II or III or any order or rule of the
113 42 department adopted under those subchapters or is
113 43 substantially delinquent in the payment of a tax
113 44 administered by the department or the interest or
113 45 penalty on the tax, or if the person is a corporation
113 46 and if any officer having a substantial legal or
113 47 equitable interest in the ownership of the corporation
113 48 owes any delinquent tax of the permit-holding
113 49 corporation, or interest or penalty on the tax,
113 50 administered by the department, the director may
114 1 revoke the permit. The director shall send notice by
114 2 mail to a permit holder informing that person of the
114 3 director's intent to revoke the permit and of the
114 4 permit holder's right to a hearing on the matter. If
114 5 the permit holder petitions the director for a hearing
114 6 on the proposed revocation, after giving ten days'
114 7 notice of the time and place of the hearing in
114 8 accordance with section 17A.18, subsection 3, the
114 9 matter may be heard and a decision rendered. The
114 10 director may restore permits after revocation. The

114 11 director shall adopt rules setting forth the period of
114 12 time a retailer must wait before a permit may be
114 13 restored or a new permit may be issued. The waiting
114 14 period shall not exceed ninety days from the date of
114 15 the revocation of the permit.

114 16 6. Sellers who are not regularly engaged in
114 17 selling at retail and do not have a permanent place of
114 18 business, but who are temporarily engaged in selling
114 19 from trucks, portable roadside stands, concessionaires
114 20 at state, county, district, or local fairs, carnivals,
114 21 or the like, shall report and remit the sales tax on a
114 22 temporary basis, under rules the director shall
114 23 provide for the efficient collection of the sales tax.
114 24 This subsection applies to sellers who are temporarily
114 25 engaged in furnishing services.

114 26 Persons engaged in selling tangible personal
114 27 property or furnishing services shall not be required
114 28 to obtain or retain a sales tax permit for a place of
114 29 business at which taxable sales of tangible personal
114 30 property or taxable performance of services will not
114 31 occur.

114 32 7. The provisions of subsection 1, dealing with
114 33 the lawful right of a retailer to transact business,
114 34 as applicable, apply to persons having receipts from
114 35 furnishing services enumerated in section 423.2,
114 36 except that a person holding a permit pursuant to
114 37 subsection 1 shall not be required to obtain any
114 38 separate sales tax permit for the purpose of engaging
114 39 in business involving the services.

114 40 8. a. Except as provided in paragraph "b",
114 41 purchasers, users, and consumers of tangible personal
114 42 property or enumerated services taxed pursuant to
114 43 subchapter II or III of this chapter or chapters 423B
114 44 and 423E may be authorized, pursuant to rules adopted
114 45 by the director, to remit tax owed directly to the
114 46 department instead of the tax being collected and paid
114 47 by the seller. To qualify for a direct pay tax
114 48 permit, the purchaser, user, or consumer must accrue a
114 49 tax liability of more than four thousand dollars in
114 50 tax under subchapters II and III in a semimonthly
115 1 period and make deposits and file returns pursuant to
115 2 section 423.31. This authority shall not be granted
115 3 or exercised except upon application to the director
115 4 and then only after issuance by the director of a
115 5 direct pay tax permit.

115 6 b. The granting of a direct pay tax permit is not
115 7 authorized for any of the following:

115 8 (1) Taxes imposed on the sales, furnishing, or
115 9 service of gas, electricity, water, heat, pay
115 10 television service, and communication service.

115 11 (2) Taxes imposed under sections 423.26 and 423.27
115 12 and chapter 423C.

115 13 Sec. 139. NEW SECTION. 423.37 FAILURE TO FILE
115 14 SALES OR USE TAX RETURNS == INCORRECT RETURNS.

115 15 1. As soon as practicable after a return is filed
115 16 and in any event within three years after the return
115 17 is filed, the department shall examine it, assess and
115 18 determine the tax due if the return is found to be
115 19 incorrect, and give notice to the person liable for
115 20 the tax of the assessment and determination as
115 21 provided in subsection 2. The period for the
115 22 examination and determination of the correct amount of
115 23 tax is unlimited in the case of a false or fraudulent
115 24 return made with the intent to evade tax or in the
115 25 case of a failure to file a return.

115 26 2. If a return required by this subchapter is not
115 27 filed, or if a return when filed is incorrect or
115 28 insufficient and the maker fails to file a corrected
115 29 or sufficient return within twenty days after the same
115 30 is required by notice from the department, the
115 31 department shall determine the amount of tax due from
115 32 information as the department may be able to obtain
115 33 and, if necessary, may estimate the tax on the basis
115 34 of external indices, such as number of employees of
115 35 the person concerned, rentals paid by the person,
115 36 stock on hand, or other factors. The department shall
115 37 give notice of the determination to the person liable
115 38 for the tax. The determination shall fix the tax
115 39 unless the person against whom it is assessed shall,
115 40 within sixty days after the giving of notice of the
115 41 determination, apply to the director for a hearing or

115 42 unless the taxpayer contests the determination by
115 43 paying the tax, interest, and penalty and timely
115 44 filing a claim for refund. At the hearing evidence
115 45 may be offered to support the determination or to
115 46 prove that it is incorrect. After the hearing the
115 47 director shall give notice of the decision to the
115 48 person liable for the tax.

115 49 3. The three-year period of limitation provided in
115 50 subsection 1 may be extended by a taxpayer by signing
116 1 a waiver agreement form to be provided by the
116 2 department. The agreement shall stipulate the period
116 3 of extension and the tax period to which the extension
116 4 applies. The agreement shall also provide that a
116 5 claim for refund may be filed by the taxpayer at any
116 6 time during the period of extension.

116 7 Sec. 140. NEW SECTION. 423.38 JUDICIAL REVIEW.

116 8 1. Judicial review of actions of the director may
116 9 be sought in accordance with the terms of the Iowa
116 10 administrative procedure Act.

116 11 2. For cause and upon a showing by the director
116 12 that collection of the tax in dispute is in doubt, the
116 13 court may order the petitioner to file with the clerk
116 14 a bond for the use of the respondent, with sureties
116 15 approved by the clerk, in the amount of tax appealed
116 16 from, conditioned that the petitioner shall perform
116 17 the orders of the court.

116 18 3. An appeal may be taken by the taxpayer or the
116 19 director to the supreme court of this state
116 20 irrespective of the amount involved.

116 21 Sec. 141. NEW SECTION. 423.39 SERVICE OF
116 22 NOTICES.

116 23 1. A notice authorized or required under this
116 24 subchapter may be given by mailing the notice to the
116 25 person for whom it is intended, addressed to that
116 26 person at the address given in the last return filed
116 27 by the person pursuant to this subchapter, or if no
116 28 return has been filed, then to any address obtainable.
116 29 The mailing of the notice is presumptive evidence of
116 30 the receipt of the notice by the person to whom
116 31 addressed. Any period of time which is determined
116 32 according to this subchapter by the giving of notice
116 33 commences to run from the date of mailing of the
116 34 notice.

116 35 2. The provisions of the Code relative to the
116 36 limitation of time for the enforcement of a civil
116 37 remedy shall not apply to any proceeding or action
116 38 taken to levy, appraise, assess, determine, or enforce
116 39 the collection of any tax or penalty provided by this
116 40 chapter.

116 41 Sec. 142. NEW SECTION. 423.40 PENALTIES ==
116 42 OFFENSES == LIMITATION.

116 43 1. In addition to the sales or use tax or
116 44 additional sales or use tax, the taxpayer shall pay a
116 45 penalty as provided in section 421.27. The taxpayer
116 46 shall also pay interest on the sales or use tax or
116 47 additional sales or use tax at the rate in effect
116 48 under section 421.7 for each month counting each
116 49 fraction of a month as an entire month, computed from
116 50 the date the semimonthly or monthly tax deposit form
117 1 or return was required to be filed. The penalty and
117 2 interest shall be paid to the department and disposed
117 3 of in the same manner as other receipts under this
117 4 subchapter. Unpaid penalties and interest may be
117 5 enforced in the same manner as the taxes imposed by
117 6 this chapter.

117 7 2. a. Any person who knowingly sells tangible
117 8 personal property, tickets or admissions to places of
117 9 amusement and athletic events, or gas, water,
117 10 electricity, or communication service at retail, or
117 11 engages in the furnishing of services enumerated in
117 12 section 423.2, in this state without procuring a
117 13 permit to collect tax, as provided in section 423.36,
117 14 or who violates section 423.24 and the officers of any
117 15 corporation who so act are guilty of a serious
117 16 misdemeanor.

117 17 b. A person who knowingly sells tangible personal
117 18 property, tickets or admissions to places of amusement
117 19 and athletic events, or gas, water, electricity, or
117 20 communication service at retail, or engages in the
117 21 furnishing of services enumerated in section 423.2, in
117 22 this state after the person's sales tax permit has

117 23 been revoked and before it has been restored as
117 24 provided in section 423.36, subsection 5, and the
117 25 officers of any corporation who so act are guilty of
117 26 an aggravated misdemeanor.

117 27 3. A person who willfully attempts in any manner
117 28 to evade any tax imposed by this chapter or the
117 29 payment of the tax or a person who makes or causes to
117 30 be made a false or fraudulent semimonthly or monthly
117 31 tax deposit form or return with intent to evade any
117 32 tax imposed by subchapter II or III or the payment of
117 33 the tax is guilty of a class "D" felony.

117 34 4. The certificate of the director to the effect
117 35 that a tax has not been paid, that a return has not
117 36 been filed, or that information has not been supplied
117 37 pursuant to the provisions of this subchapter shall be
117 38 prima facie evidence thereof.

117 39 5. A person required to pay sales or use tax, or
117 40 to make, sign, or file a tax deposit form or return or
117 41 supplemental return, who willfully makes a false or
117 42 fraudulent tax deposit form or return, or willfully
117 43 fails to pay at least ninety percent of the tax or
117 44 willfully fails to make, sign, or file the tax deposit
117 45 form or return, at the time required by law, is guilty
117 46 of a fraudulent practice.

117 47 6. A prosecution for an offense specified in this
117 48 section shall be commenced within six years after its
117 49 commission.

117 50 Sec. 143. NEW SECTION. 423.41 BOOKS ==
118 1 EXAMINATION.

118 2 Every retailer required or authorized to collect
118 3 taxes imposed by this chapter and every person using
118 4 in this state tangible personal property, services, or
118 5 the product of services shall keep records, receipts,
118 6 invoices, and other pertinent papers as the director
118 7 shall require, in the form that the director shall
118 8 require, for as long as the director has the authority
118 9 to examine and determine tax due. The director or any
118 10 duly authorized agent of the department may examine
118 11 the books, papers, records, and equipment of any
118 12 person either selling tangible personal property or
118 13 services or liable for the tax imposed by this
118 14 chapter, and investigate the character of the business
118 15 of any person in order to verify the accuracy of any
118 16 return made, or if a return was not made by the
118 17 person, ascertain and determine the amount due under
118 18 this chapter. These books, papers, and records shall
118 19 be made available within this state for examination
118 20 upon reasonable notice when the director deems it
118 21 advisable and so orders. The preceding requirements
118 22 shall likewise apply to users and persons furnishing
118 23 services enumerated in section 423.2.

118 24 Sec. 144. NEW SECTION. 423.42 STATUTES
118 25 APPLICABLE.

118 26 1. The director shall administer the taxes imposed
118 27 by subchapters II and III in the same manner and
118 28 subject to all the provisions of, and all of the
118 29 powers, duties, authority, and restrictions contained
118 30 in, section 422.25, subsection 4, section 422.30, and
118 31 sections 422.67 through 422.75.

118 32 2. All the provisions of section 422.26 shall
118 33 apply in respect to the taxes and penalties imposed by
118 34 subchapters II and III and this subchapter, except
118 35 that, as applied to any tax imposed by subchapters II
118 36 and III, the lien provided in section 422.26 shall be
118 37 prior and paramount over all subsequent liens upon any
118 38 personal property within this state, or right to such
118 39 personal property, belonging to the taxpayer without
118 40 the necessity of recording as provided in section
118 41 422.26. The requirements for recording shall, as
118 42 applied to the taxes imposed by subchapters II and
118 43 III, apply only to the liens upon real property. When
118 44 requested to do so by any person from whom a taxpayer
118 45 is seeking credit, or with whom the taxpayer is
118 46 negotiating the sale of any personal property, or by
118 47 any other person having a legitimate interest in such
118 48 information, the director shall, upon being satisfied
118 49 that such a situation exists, inform that person as to
118 50 the amount of unpaid taxes due by such taxpayer under
119 1 the provisions of subchapters II and III. The giving
119 2 of this information under these circumstances shall
119 3 not be deemed a violation of section 422.72 as applied

119 4 to subchapters II and III.
119 5 Sec. 145. NEW SECTION. 423.43 DEPOSIT OF REVENUE
119 6 == APPROPRIATIONS.
119 7 Except as otherwise provided in section 312.2,
119 8 subsection 15, all revenues derived from the use tax
119 9 on motor vehicles, trailers, and motor vehicle
119 10 accessories and equipment as collected pursuant to
119 11 sections 423.26 and 423.27 shall be deposited and
119 12 credited to the road use tax fund and shall be used
119 13 exclusively for the construction, maintenance, and
119 14 supervision of public highways.
119 15 1. Notwithstanding any provision of this section
119 16 which provides that all revenues derived from the use
119 17 tax on motor vehicles, trailers, and motor vehicle
119 18 accessories and equipment as collected pursuant to
119 19 sections 423.26 and 423.27 shall be deposited and
119 20 credited to the road use tax fund, eighty percent of
119 21 the revenues shall be deposited and credited as
119 22 follows:
119 23 a. Twenty-five percent of all such revenue, up to
119 24 a maximum of four million two hundred fifty thousand
119 25 dollars per quarter, shall be deposited into and
119 26 credited to the Iowa comprehensive petroleum
119 27 underground storage tank fund created in section
119 28 455G.3, and the moneys so deposited are a continuing
119 29 appropriation for expenditure under chapter 455G, and
119 30 moneys so appropriated shall not be used for other
119 31 purposes.
119 32 b. Any such revenues remaining shall be credited
119 33 to the road use tax fund.
119 34 2. Notwithstanding any other provision of this
119 35 section that provides that all revenue derived from
119 36 the use tax on motor vehicles, trailers, and motor
119 37 vehicle accessories and equipment as collected
119 38 pursuant to section 423.26 shall be deposited and
119 39 credited to the road use tax fund, twenty percent of
119 40 the revenues shall be credited and deposited as
119 41 follows: one-half to the road use tax fund and one=
119 42 half to the primary road fund to be used for the
119 43 commercial and industrial highway network.
119 44 3. All other revenue arising under the operation
119 45 of this chapter shall be credited to the general fund
119 46 of the state.
119 47 Sec. 146. NEW SECTION. 423.44 REIMBURSEMENT FOR
119 48 PRIMARY ROAD FUND.
119 49 From moneys deposited into the road use tax fund,
119 50 the department may credit to the primary road fund any
120 1 amount of revenues derived from the use tax on motor
120 2 vehicles, trailers, and motor vehicle accessories and
120 3 equipment as collected pursuant to sections 423.26 and
120 4 423.27 to the extent necessary to reimburse that fund
120 5 for the expenditures not otherwise eligible to be made
120 6 from the primary road fund, which are made for
120 7 repairing, improving, and maintaining bridges over the
120 8 rivers bordering the state. Expenditures for those
120 9 portions of bridges within adjacent states may be
120 10 included when they are made pursuant to an agreement
120 11 entered into under section 313.63, 313A.34, or 314.10.
120 12 Sec. 147. NEW SECTION. 423.45 REFUNDS ==
120 13 EXEMPTION CERTIFICATES.
120 14 1. If an amount of tax represented by a retailer
120 15 to a consumer or user as constituting tax due is
120 16 computed upon a sales price that is not taxable or the
120 17 amount represented is in excess of the actual taxable
120 18 amount and the amount represented is actually paid by
120 19 the consumer or user to the retailer, the excess
120 20 amount of tax paid shall be returned to the consumer
120 21 or user upon notification to the retailer by the
120 22 department that an excess payment exists.
120 23 2. If an amount of tax represented by a retailer
120 24 to a consumer or user as constituting tax due is
120 25 computed upon a sales price that is not taxable or the
120 26 amount represented is in excess of the actual taxable
120 27 amount and the amount represented is actually paid by
120 28 the consumer or user to the retailer, the excess
120 29 amount of tax paid shall be returned to the consumer
120 30 or user upon proper notification to the retailer by
120 31 the consumer or user that an excess payment exists.
120 32 "Proper" notification is written notification which
120 33 allows a retailer at least sixty days to respond and
120 34 which contains enough information to allow a retailer

120 35 to determine the validity of a consumer's or user's
120 36 claim that an excess amount of tax has been paid. No
120 37 cause of action shall accrue against a retailer for
120 38 excess tax paid until sixty days after proper notice
120 39 has been given the retailer by the consumer or user.
120 40 3. In the circumstances described in subsections 1
120 41 and 2, a retailer has the option to either return any
120 42 excess amount of tax paid to a consumer or user, or to
120 43 remit the amount which a consumer or user has paid to
120 44 the retailer to the department.
120 45 4. a. The department shall issue or the seller
120 46 may separately provide exemption certificates in the
120 47 form prescribed by the director, including
120 48 certificates not made of paper, which conform to the
120 49 requirements of paragraph "c", to assist retailers in
120 50 properly accounting for nontaxable sales of tangible
121 1 personal property or services to purchasers for a
121 2 nontaxable purpose. The department shall also allow
121 3 the use of exemption certificates for those
121 4 circumstances in which a sale is taxable but the
121 5 seller is not obligated to collect tax from the buyer.
121 6 b. The sales tax liability for all sales of
121 7 tangible personal property and all sales of services
121 8 is upon the seller and the purchaser unless the seller
121 9 takes in good faith from the purchaser a valid
121 10 exemption certificate stating under penalty of perjury
121 11 that the purchase is for a nontaxable purpose and is
121 12 not a retail sale as defined in section 423.1, or the
121 13 seller is not obligated to collect tax due, or unless
121 14 the seller takes a fuel exemption certificate pursuant
121 15 to subsection 5. If the tangible personal property or
121 16 services are purchased tax free pursuant to a valid
121 17 exemption certificate which is taken in good faith by
121 18 the seller, and the tangible personal property or
121 19 services are used or disposed of by the purchaser in a
121 20 nonexempt manner, the purchaser is solely liable for
121 21 the taxes and shall remit the taxes directly to the
121 22 department and sections 423.31, 423.32, 423.37,
121 23 423.38, 423.39, 423.40, 423.41, and 423.42 shall apply
121 24 to the purchaser.
121 25 c. A valid exemption certificate is an exemption
121 26 certificate which is complete and correct according to
121 27 the requirements of the director.
121 28 d. A valid exemption certificate is taken in good
121 29 faith by the seller when the seller has exercised that
121 30 caution and diligence which honest persons of ordinary
121 31 prudence would exercise in handling their own business
121 32 affairs, and includes an honesty of intention and
121 33 freedom from knowledge of circumstances which ought to
121 34 put one upon inquiry as to the facts. In order for a
121 35 seller to take a valid exemption certificate in good
121 36 faith, the seller must exercise reasonable prudence to
121 37 determine the facts supporting the valid exemption
121 38 certificate, and if any facts upon such certificate
121 39 would lead a reasonable person to further inquiry,
121 40 such inquiry must be made with an honest intent to
121 41 discover the facts.
121 42 e. If the circumstances change and as a result the
121 43 tangible personal property or services are used or
121 44 disposed of by the purchaser in a nonexempt manner or
121 45 the purchaser becomes obligated to pay the tax, the
121 46 purchaser is liable solely for the taxes and shall
121 47 remit the taxes directly to the department in
121 48 accordance with this subsection.
121 49 5. a. The department shall issue or the seller
121 50 may separately provide fuel exemption certificates in
122 1 the form prescribed by the director.
122 2 b. For purposes of this subsection:
122 3 (1) "Fuel" includes gas, electricity, water, heat,
122 4 steam, and any other tangible personal property
122 5 consumed in creating heat, power, or steam.
122 6 (2) "Fuel consumed in processing" means fuel used
122 7 or consumed for processing including grain drying, for
122 8 providing heat or cooling for livestock buildings or
122 9 for greenhouses or buildings or parts of buildings
122 10 dedicated to the production of flowering, ornamental,
122 11 or vegetable plants intended for sale in the ordinary
122 12 course of business, for use in aquaculture production,
122 13 or for generating electric current, or in implements
122 14 of husbandry engaged in agricultural production.
122 15 (3) "Fuel exemption certificate" means an

122 16 exemption certificate given by the purchaser under
122 17 penalty of perjury to assist retailers in properly
122 18 accounting for nontaxable sales of fuel consumed in
122 19 processing.

122 20 (4) "Substantial change" means a change in the use
122 21 or disposition of tangible personal property and
122 22 services by the purchaser such that the purchaser pays
122 23 less than ninety percent of the purchaser's actual
122 24 sales tax liability. A change includes a misstatement
122 25 of facts in an application made pursuant to paragraph
122 26 "d" or in a fuel exemption certificate.

122 27 c. The seller may accept a completed fuel
122 28 exemption certificate, as prepared by the purchaser,
122 29 for three years unless the purchaser files a new
122 30 completed exemption certificate. If the fuel is
122 31 purchased tax free pursuant to a fuel exemption
122 32 certificate which is taken by the seller, and the fuel
122 33 is used or disposed of by the purchaser in a nonexempt
122 34 manner, the purchaser is solely liable for the taxes,
122 35 and shall remit the taxes directly to the department
122 36 and sections 423.31, 423.32, 423.37, 423.38, 423.39,
122 37 423.40, 423.41, and 423.42 shall apply to the
122 38 purchaser.

122 39 d. The purchaser may apply to the department for
122 40 its review of the fuel exemption certificate. In this
122 41 event, the department shall review the fuel exemption
122 42 certificate within twelve months from the date of
122 43 application and determine the correct amount of the
122 44 exemption. If the amount determined by the department
122 45 is different than the amount that the purchaser claims
122 46 is exempt, the department shall promptly notify the
122 47 purchaser of the determination. Failure of the
122 48 department to make a determination within twelve
122 49 months from the date of application shall constitute a
122 50 determination that the fuel exemption certificate is
123 1 correct as submitted. A determination of exemption by
123 2 the department is final unless the purchaser appeals
123 3 to the director for a revision of the determination
123 4 within sixty days after the date of the notice of
123 5 determination. The director shall grant a hearing,
123 6 and upon the hearing, the director shall determine the
123 7 correct exemption and notify the purchaser of the
123 8 decision by mail. The decision of the director is
123 9 final unless the purchaser seeks judicial review of
123 10 the director's decision under section 423.38 within
123 11 sixty days after the date of the notice of the
123 12 director's decision. Unless there is a substantial
123 13 change, the department shall not impose penalties
123 14 pursuant to section 423.40 both retroactively to
123 15 purchases made after the date of application and
123 16 prospectively until the department gives notice to the
123 17 purchaser that a tax or additional tax is due, for
123 18 failure to remit any tax due which is in excess of a
123 19 determination made under this section. A
123 20 determination made by the department pursuant to this
123 21 subsection does not constitute an audit for purposes
123 22 of section 423.37.

123 23 e. If the circumstances change and the fuel is
123 24 used or disposed of by the purchaser in a nonexempt
123 25 manner, the purchaser is solely liable for the taxes
123 26 and shall remit the taxes directly to the department
123 27 in accordance with paragraph "c".

123 28 f. The purchaser shall attach documentation to the
123 29 fuel exemption certificate which is reasonably
123 30 necessary to support the exemption for fuel consumed
123 31 in processing. If the purchaser files a new exemption
123 32 certificate with the seller, documentation shall not
123 33 be required if the purchaser previously furnished the
123 34 seller with this documentation and substantial change
123 35 has not occurred since that documentation was
123 36 furnished or if fuel consumed in processing is
123 37 separately metered and billed by the seller.

123 38 6. Nothing in this section authorizes any cause of
123 39 action by any person to recover sales or use taxes
123 40 directly from the state or extends any person's time
123 41 to seek a refund of sales or use taxes which have been
123 42 collected and remitted to the state.

123 43 Sec. 148. NEW SECTION. 423.46 RATE AND BASE
123 44 CHANGES.

123 45 The department shall make a reasonable effort to
123 46 provide sellers with as much advance notice as

123 47 practicable of a rate change and to notify sellers of
123 48 legislative changes in the tax base and amendments to
123 49 sales and use tax rules. Failure of a seller to
123 50 receive notice or failure of this state to provide
124 1 notice or limit the effective date of a rate change
124 2 shall not relieve the seller of its obligation to
124 3 collect sales or use taxes for this state.

124 4 Sec. 149. NEW SECTION. 423.47 REFUNDS AND
124 5 CREDITS.

124 6 If it shall appear that, as a result of mistake, an
124 7 amount of tax, penalty, or interest has been paid
124 8 which was not due under the provisions of this
124 9 chapter, such amount shall be credited against any tax
124 10 due, or to become due, on the books of the department
124 11 from the person who made the erroneous payment, or
124 12 such amount shall be refunded to such person by the
124 13 department. A claim for refund or credit that has not
124 14 been filed with the department within three years
124 15 after the tax payment for which a refund or credit is
124 16 claimed became due, or one year after such tax payment
124 17 was made, whichever time is the later, shall not be
124 18 allowed by the director.

124 19 SUBCHAPTER VI

124 20 SALES AND USE TAX ACT == ADMINISTRATION OF 124 21 RETAILERS REGISTERED VOLUNTARILY UNDER THE 124 22 AGREEMENT

124 23 Sec. 150. NEW SECTION. 423.48 RESPONSIBILITIES
124 24 AND RIGHTS OF SELLERS REGISTERED UNDER THE AGREEMENT.

124 25 1. By registering under the agreement, the seller
124 26 agrees to collect and remit sales and use taxes for
124 27 all its taxable Iowa sales. Iowa's withdrawal from
124 28 the agreement or revocation of its membership in the
124 29 agreement shall not relieve a seller from its
124 30 responsibility to remit taxes previously collected on
124 31 behalf of this state.

124 32 2. The following provisions apply to any seller
124 33 who registers under the agreement:

124 34 a. The seller may register on-line.

124 35 b. Registration under the agreement and the
124 36 collection of Iowa sales and use taxes shall not be
124 37 used as factors in determining whether the seller has
124 38 nexus with Iowa for any tax.

124 39 c. If registered under the agreement with any
124 40 other member state, the seller is considered to be
124 41 registered in Iowa.

124 42 d. The seller is not required to pay registration
124 43 fees or other charges.

124 44 e. A written signature from the seller is not
124 45 required.

124 46 f. The seller may register by way of an agent.

124 47 The agent's appointment shall be in writing and
124 48 submitted to the department if requested by the
124 49 department.

124 50 g. The seller may cancel its registration at any
125 1 time under procedures adopted by the governing board
125 2 established pursuant to the agreement. Cancellation
125 3 does not relieve the seller of its liability for
125 4 remitting any Iowa taxes collected.

125 5 3. The following additional responsibilities and
125 6 rights apply to model sellers:

125 7 a. A model 1 seller's obligation to calculate,
125 8 collect, and remit sales and use taxes shall be
125 9 performed by its certified service provider, except
125 10 for the seller's obligation to remit tax on its own
125 11 purchases. As the seller's agent, the certified
125 12 service provider is liable for its model 1 seller's
125 13 sales and use tax due Iowa on all sales transactions
125 14 it processes for the seller except as set out in this
125 15 section. A seller that contracts with a certified
125 16 service provider is not liable to the state for sales
125 17 or use tax due on transactions processed by the
125 18 certified service provider unless the seller
125 19 misrepresents the types of items or services it sells
125 20 or commits fraud. In the absence of probable cause to
125 21 believe that the seller has committed fraud or made a
125 22 material misrepresentation, the seller is not subject
125 23 to audit on the transactions processed by the
125 24 certified service provider. A model 1 seller is
125 25 subject to audit for transactions not processed by the
125 26 certified service provider. The director is
125 27 authorized to perform a system check of the model 1

125 28 seller and review the seller's procedures to determine
125 29 if the certified service provider's system is
125 30 functioning properly and the extent to which the
125 31 seller's transactions are being processed by the
125 32 certified service provider.

125 33 b. A model 2 seller shall calculate the amount of
125 34 tax due on a transaction by the use of a certified
125 35 automated system, but shall collect and remit tax on
125 36 its own sales. A person that provides a certified
125 37 automated system is responsible for the proper
125 38 functioning of that system and is liable to this state
125 39 for underpayments of tax attributable to errors in the
125 40 functioning of the certified automated system. A
125 41 seller that uses a certified automated system remains
125 42 responsible and is liable to the state for reporting
125 43 and remitting tax.

125 44 c. A model 3 seller shall use its own proprietary
125 45 automated system to calculate tax due and collect and
125 46 remit tax on its own sales. A model 3 seller is
125 47 liable for the failure of its proprietary automated
125 48 system to meet the applicable performance standard.

125 49 Sec. 151. NEW SECTION. 423.49 RETURNS.

125 50 1. All model 1, 2, or 3 sellers are subject to all
126 1 of the following return requirements:

126 2 a. The seller is required to file only one return
126 3 per month for this state and for all taxing
126 4 jurisdictions within this state.

126 5 b. The date for filing returns shall be determined
126 6 under rules adopted by the director. However, in no
126 7 case shall the return be due earlier than the
126 8 twentieth day of the following month.

126 9 c. The director shall request additional
126 10 information returns. These returns shall not be
126 11 required more frequently than every six months.

126 12 2. Any registered seller which does not have a
126 13 legal obligation to register in this state and is not
126 14 a model 1, 2, or 3 seller is subject to all of the
126 15 following return requirements:

126 16 a. The seller is required to file a return within
126 17 one year of the month of initial registration and
126 18 shall file a return on an annual basis in succeeding
126 19 years.

126 20 b. In addition to the return required in paragraph
126 21 "a", if the seller accumulates more than one thousand
126 22 dollars in total state and local tax, the seller is
126 23 required to file a return in the following month.

126 24 c. The format of the return and the due date of
126 25 the initial return and the annual return shall be
126 26 determined under rules adopted by the department.

126 27 Sec. 152. NEW SECTION. 423.50 REMITTANCE OF
126 28 FUNDS.

126 29 1. Only one remittance of tax per return is
126 30 required except as provided in this subsection.
126 31 Sellers that collect more than thirty thousand dollars
126 32 in sales and use taxes for this state during the
126 33 preceding calendar year shall be required to make
126 34 additional remittances as required under rules adopted
126 35 by the director. The filing of a return is not
126 36 required with an additional remittance.

126 37 2. All remittances shall be remitted
126 38 electronically.

126 39 3. Electronic payments may be made either by
126 40 automated clearinghouse credit or automated
126 41 clearinghouse debit. Any data accompanying a
126 42 remittance must be formatted using uniform tax type
126 43 and payment codes approved by the governing board
126 44 established pursuant to the agreement. An alternative
126 45 method for making same-day payments shall be
126 46 determined under rules adopted by the director.

126 47 4. If a due date falls on a legal banking holiday
126 48 in this state, the taxes are due on the succeeding
126 49 business day.

126 50 Sec. 153. NEW SECTION. 423.51 ADMINISTRATION OF
127 1 EXEMPTIONS.

127 2 1. The following provisions shall apply when a
127 3 purchaser claims an exemption:

127 4 a. The seller shall obtain identifying information
127 5 of the purchaser and the reason for claiming a tax
127 6 exemption at the time of the purchase as determined by
127 7 the member states acting jointly.

127 8 b. A purchaser is not required to provide a

127 9 signature to claim an exemption from tax unless a
127 10 paper certificate is used.

127 11 c. The seller shall use the standard form for
127 12 claiming an exemption electronically as adopted
127 13 jointly by the member states.

127 14 d. The seller shall obtain the same information
127 15 for proof of a claimed exemption regardless of the
127 16 medium in which the transaction occurred.

127 17 e. The department may authorize a system wherein
127 18 the purchaser exempt from the payment of the tax is
127 19 issued an identification number which shall be
127 20 presented to the seller at the time of the sale.

127 21 f. The seller shall maintain proper records of
127 22 exempt transactions and provide them to the department
127 23 when requested.

127 24 g. The department shall administer entity-based
127 25 and use-based exemptions when practicable through a
127 26 direct pay tax permit, an exemption certificate, or
127 27 another means that does not burden sellers. For the
127 28 purposes of this paragraph:

127 29 (1) An "entity-based exemption" is an exemption
127 30 based on who purchases the product or who sells the
127 31 product.

127 32 (2) A "use-based exemption" is an exemption based
127 33 on the purchaser's use of the product.

127 34 2. Sellers that follow the requirements of this
127 35 section are relieved from any tax otherwise applicable
127 36 if it is determined that the purchaser improperly
127 37 claimed an exemption and that the purchaser is liable
127 38 for the nonpayment of tax. This relief from liability
127 39 does not apply to a seller who fraudulently fails to
127 40 collect the tax or solicits purchasers to participate
127 41 in the unlawful claim of an exemption.

127 42 Sec. 154. NEW SECTION. 423.52 RELIEF FROM
127 43 LIABILITY FOR SELLERS AND CERTIFIED SERVICE PROVIDERS.

127 44 Sellers and certified service providers are
127 45 relieved from liability to this state or its local
127 46 taxing jurisdictions for having charged and collected
127 47 the incorrect amount of sales or use tax resulting
127 48 from the seller or certified service provider relying
127 49 on erroneous data provided by this state on tax rates,
127 50 boundaries, or taxing jurisdiction assignments. If
128 1 this state provides an address-based system for
128 2 assigning taxing jurisdictions whether or not pursuant
128 3 to the federal Mobile Telecommunications Sourcing Act,
128 4 the director is not required to provide liability
128 5 relief for errors resulting from reliance on the
128 6 information provided by this state.

128 7 Sec. 155. NEW SECTION. 423.53 BAD DEBTS AND
128 8 MODEL 1 SELLERS.

128 9 A certified service provider may claim, on behalf
128 10 of a model 1 seller, any bad debt deduction as
128 11 provided in section 423.21. The certified service
128 12 provider must credit or refund the full amount of any
128 13 bad debt deduction or refund received to the seller.

128 14 Sec. 156. NEW SECTION. 423.54 AMNESTY FOR
128 15 REGISTERED SELLERS.

128 16 1. Subject to the limitations in subsections 2
128 17 through 6, the following provisions apply:

128 18 a. Amnesty is provided for uncollected or unpaid
128 19 sales or use tax to a seller who registers to pay or
128 20 to collect and remit applicable sales or use tax on
128 21 sales made to purchasers in this state in accordance
128 22 with the terms of the agreement, provided the seller
128 23 was not so registered in this state in the twelve=
128 24 month period preceding the commencement of Iowa's
128 25 participation in the agreement.

128 26 b. Amnesty precludes assessment of the seller for
128 27 uncollected or unpaid sales or use tax together with
128 28 penalty or interest for sales made during the period
128 29 the seller was not registered in this state, provided
128 30 registration occurs within twelve months of the
128 31 commencement of Iowa's participation in the agreement.

128 32 c. Amnesty shall be provided to any seller
128 33 lawfully registered under the agreement by any other
128 34 member state prior to the date of the commencement of
128 35 Iowa's participation in the agreement.

128 36 2. Amnesty is not available to a seller with
128 37 respect to any matter or matters for which the seller
128 38 received notice of the commencement of an audit and
128 39 which audit is not yet finally resolved, including any

128 40 related administrative and judicial processes.
128 41 3. Amnesty is not available for sales or use taxes
128 42 already paid or remitted or to taxes collected by the
128 43 seller.
128 44 4. Amnesty is fully effective absent the seller's
128 45 fraud or intentional misrepresentation of a material
128 46 fact as long as the seller continues registration and
128 47 continues payment or collection and remittance of
128 48 applicable sales or use taxes for a period of at least
128 49 thirty-six months. The statute of limitations
128 50 applicable to asserting a tax liability is tolled
129 1 during this thirty-six month period.
129 2 5. Amnesty is applicable only to sales or use
129 3 taxes due from a seller in its capacity as a seller
129 4 and not to sales or use taxes due from a seller in its
129 5 capacity as a buyer.
129 6 6. The director may allow amnesty on terms and
129 7 conditions more favorable to a seller than the terms
129 8 required by this section.
129 9 Sec. 157. NEW SECTION. 423.55 DATABASES.
129 10 The department shall provide and maintain databases
129 11 required by the agreement for the benefit of sellers
129 12 registered under the agreement.
129 13 Sec. 158. NEW SECTION. 423.56 CONFIDENTIALITY
129 14 AND PRIVACY PROTECTIONS UNDER MODEL 1.
129 15 1. As used in this section:
129 16 a. "Anonymous data" means information that does
129 17 not identify a person.
129 18 b. "Confidential taxpayer information" means all
129 19 information that is protected under this state's laws,
129 20 rules, and privileges.
129 21 c. "Personally identifiable information" means
129 22 information that identifies a person.
129 23 2. With very limited exceptions, a certified
129 24 service provider shall perform its tax calculation,
129 25 remittance, and reporting functions without retaining
129 26 the personally identifiable information of consumers.
129 27 3. A certified service provider may perform its
129 28 services in this state only if the certified service
129 29 provider certifies that:
129 30 a. Its system has been designed and tested to
129 31 ensure that the fundamental precept of anonymity is
129 32 respected.
129 33 b. Personally identifiable information is only
129 34 used and retained to the extent necessary for the
129 35 administration of model 1 sellers with respect to
129 36 exempt purchasers.
129 37 c. It provides consumers clear and conspicuous
129 38 notice of its information practices, including what
129 39 information it collects, how it collects the
129 40 information, how it uses the information, how long, if
129 41 at all, it retains the information, and whether it
129 42 discloses the information to member states. This
129 43 notice shall be satisfied by a written privacy policy
129 44 statement accessible by the public on the official web
129 45 site of the certified service provider.
129 46 d. Its collection, use, and retention of
129 47 personally identifiable information is limited to that
129 48 required by the member states to ensure the validity
129 49 of exemptions from taxation that are claimed by reason
129 50 of a consumer's status or the intended use of the
130 1 goods or services purchased.
130 2 e. It provides adequate technical, physical, and
130 3 administrative safeguards so as to protect personally
130 4 identifiable information from unauthorized access and
130 5 disclosure.
130 6 4. The department shall provide public
130 7 notification of its practices relating to the
130 8 collection, use, and retention of personally
130 9 identifiable information.
130 10 5. When any personally identifiable information
130 11 that has been collected and retained by the department
130 12 or certified service provider is no longer required
130 13 for the purposes set forth in subsection 3, paragraph
130 14 "d", that information shall no longer be retained by
130 15 the department or certified service provider.
130 16 6. When personally identifiable information
130 17 regarding an individual is retained by or on behalf of
130 18 this state, this state shall provide reasonable access
130 19 by such individual to his or her own information in
130 20 the state's possession and a right to correct any

130 21 inaccurately recorded information.
130 22 7. This privacy policy is subject to enforcement
130 23 by the department and the attorney general.
130 24 8. This state's laws and rules regarding the
130 25 collection, use, and maintenance of confidential
130 26 taxpayer information remain fully applicable and
130 27 binding. Without limitation, the agreement does not
130 28 enlarge or limit the state's or department's authority
130 29 to:
130 30 a. Conduct audits or other review as provided
130 31 under the agreement and state law.
130 32 b. Provide records pursuant to its examination of
130 33 public records law, disclosure laws of individual
130 34 governmental agencies, or other regulations.
130 35 c. Prevent, consistent with state law, disclosures
130 36 of confidential taxpayer information.
130 37 d. Prevent, consistent with federal law,
130 38 disclosures or misuse of federal return information
130 39 obtained under a disclosure agreement with the
130 40 internal revenue service.
130 41 e. Collect, disclose, disseminate, or otherwise
130 42 use anonymous data for governmental purposes.
130 43 9. This privacy policy does not preclude the
130 44 certification of a certified service provider whose
130 45 privacy policy is more protective of confidential
130 46 taxpayer information or personally identifiable
130 47 information than is required by the agreement.
130 48 Sec. 159. NEW SECTION. 423.57 STATUTES
130 49 APPLICABLE.
130 50 The director shall administer this subchapter as it
131 1 relates to the taxes imposed in this chapter in the
131 2 same manner and subject to all the provisions of, and
131 3 all of the powers, duties, authority, and restrictions
131 4 contained in sections 423.14, 423.15, 423.16, 423.17,
131 5 423.18, 423.19, 423.20, 423.21, 423.22, 423.23,
131 6 423.24, 423.25, 423.28, 423.29, 423.31, 423.32,
131 7 423.33, 423.34, 423.35, 423.37, 423.38, 423.39,
131 8 423.40, 423.41, and 423.42, section 423.43, subsection
131 9 3, and sections 423.45, 423.46, and 423.47.
131 10 Sec. 160.
131 11 1. Sections 422.42 through 422.59, Code 2003, are
131 12 repealed.
131 13 2. Chapter 423, Code 2003, is repealed.
131 14 COORDINATING AMENDMENTS
131 15 Sec. 161. Section 15.331A, Code 2003, is amended
131 16 to read as follows:
131 17 15.331A SALES, SERVICES, AND USE TAX REFUND ==
131 18 CONTRACTOR OR SUBCONTRACTOR.
131 19 The eligible business or a supporting business
131 20 shall be entitled to a refund of the sales and use
131 21 taxes paid under ~~chapters 422 and chapter~~ 423 for gas,
131 22 electricity, water, or sewer utility services, goods,
131 23 wares, or merchandise, or on services rendered,
131 24 furnished, or performed to or for a contractor or
131 25 subcontractor and used in the fulfillment of a written
131 26 contract relating to the construction or equipping of
131 27 a facility within the economic development area of the
131 28 eligible business or a supporting business. Taxes
131 29 attributable to intangible property and furniture and
131 30 furnishings shall not be refunded.
131 31 To receive the refund a claim shall be filed by the
131 32 eligible business or a supporting business with the
131 33 department of revenue and finance as follows:
131 34 1. The contractor or subcontractor shall state
131 35 under oath, on forms provided by the department, the
131 36 amount of the sales of goods, wares, or merchandise or
131 37 services rendered, furnished, or performed including
131 38 water, sewer, gas, and electric utility services for
131 39 use in the economic development area upon which sales
131 40 or use tax has been paid prior to the project
131 41 completion, and shall file the forms with the eligible
131 42 business or supporting business before final
131 43 settlement is made.
131 44 2. The eligible business or a supporting business
131 45 shall, not more than one year after project
131 46 completion, make application to the department for any
131 47 refund of the amount of the sales and use taxes paid
131 48 pursuant to chapter ~~422 or~~ 423 upon any goods, wares,
131 49 or merchandise, or services rendered, furnished, or
131 50 performed, including water, sewer, gas, and electric
132 1 utility services. The application shall be made in

132 2 the manner and upon forms to be provided by the
132 3 department, and the department shall audit the claim
132 4 and, if approved, issue a warrant to the eligible
132 5 business or supporting business in the amount of the
132 6 sales or use tax which has been paid to the state of
132 7 Iowa under a contract. A claim filed by the eligible
132 8 business or a supporting business in accordance with
132 9 this section shall not be denied by reason of a
132 10 limitation provision set forth in chapter 421, ~~422~~, or
132 11 423.

132 12 3. A contractor or subcontractor who willfully
132 13 makes a false report of tax paid under the provisions
132 14 of this section is guilty of a simple misdemeanor and
132 15 in addition is liable for the payment of the tax and
132 16 any applicable penalty and interest.

132 17 Sec. 162. Section 15.334A, Code 2003, is amended
132 18 to read as follows:

132 19 15.334A SALES AND USE TAX EXEMPTION.

132 20 An eligible business may claim an exemption from
132 21 sales and use taxation under section ~~422.45~~ 423.3,
132 22 subsection ~~27~~ 46, for property which is exempt from
132 23 taxation under section 15.334, notwithstanding the
132 24 requirements of section ~~422.45~~ 423.3, subsection ~~27~~
132 25 46, or any other provision of the Code to the
132 26 contrary.

132 27 Sec. 163. Section 15A.9, subsections 5, 6, and 7,
132 28 Code 2003, are amended to read as follows:

132 29 5. PROPERTY TAX EXEMPTION.

132 30 a. All property, as defined in section 427A.1,
132 31 subsection 1, paragraphs "e" and "j", Code 1993, used
132 32 by the primary business or a supporting business and
132 33 located within the zone, shall be exempt from property
132 34 taxation for a period of twenty years beginning with
132 35 the year it is first assessed for taxation. In order
132 36 to be eligible for this exemption, the property shall
132 37 be acquired or leased by the primary business or a
132 38 supporting business or relocated by the primary
132 39 business or a supporting business to the zone from
132 40 outside the state prior to project completion.

132 41 b. Property which is exempt for property tax
132 42 purposes under this subsection is eligible for the
132 43 sales and use tax exemption under section ~~422.45~~
132 44 423.3, subsection ~~27~~ 46, notwithstanding that
132 45 subsection or any other provision of the Code to the
132 46 contrary.

132 47 6. SALES, SERVICES, AND USE TAX REFUND. Taxes
132 48 paid pursuant to chapter ~~422~~ or 423 on the ~~gross~~

~~132 49 receipts sales price~~ or rental price of property
132 50 purchased or rented by the primary business or a
133 1 supporting business for use by the primary business or
133 2 a supporting business within the zone or on gas,
133 3 electricity, water, and sewer utility services prior
133 4 to project completion shall be refunded to the primary
133 5 business or supporting business if the item was
133 6 purchased or the service was performed or received
133 7 prior to project completion. Claims under this
133 8 section shall be submitted on forms provided by the
133 9 department of revenue and finance not later than six
133 10 months after project completion. The refund in this
133 11 subsection shall not apply to furniture or
133 12 furnishings, or intangible property.

133 13 7. SALES, SERVICES, AND USE TAX REFUND ==

133 14 CONTRACTOR OR SUBCONTRACTOR. The primary business or
133 15 a supporting business shall be entitled to a refund of
133 16 the sales and use taxes paid under ~~chapters 422 and~~
133 17 chapter 423 for gas, electricity, water, or sewer
133 18 utility services, goods, wares, or merchandise, or on
133 19 services rendered, furnished, or performed to or for a
133 20 contractor or subcontractor and used in the
133 21 fulfillment of a written contract relating to the
133 22 construction or equipping of a facility within the
133 23 zone of the primary business or a supporting business.
133 24 Taxes attributable to intangible property and
133 25 furniture and furnishings shall not be refunded.

133 26 To receive the refund a claim shall be filed by the
133 27 primary business or a supporting business with the
133 28 department of revenue and finance as follows:

133 29 a. The contractor or subcontractor shall state
133 30 under oath, on forms provided by the department, the
133 31 amount of the sales of goods, wares, or merchandise or
133 32 services rendered, furnished, or performed including

133 33 water, sewer, gas, and electric utility services for
133 34 use in the zone upon which sales or use tax has been
133 35 paid prior to the project completion, and shall file
133 36 the forms with the primary business or supporting
133 37 business before final settlement is made.
133 38 b. The primary business or a supporting business
133 39 shall, not more than six months after project
133 40 completion, make application to the department for any
133 41 refund of the amount of the sales and use taxes paid
133 42 pursuant to chapter ~~422~~ or 423 upon any goods, wares,
133 43 or merchandise, or services rendered, furnished, or
133 44 performed, including water, sewer, gas, and electric
133 45 utility services. The application shall be made in
133 46 the manner and upon forms to be provided by the
133 47 department, and the department shall audit the claim
133 48 and, if approved, issue a warrant to the primary
133 49 business or supporting business in the amount of the
133 50 sales or use tax which has been paid to the state of
134 1 Iowa under a contract. A claim filed by the primary
134 2 business or a supporting business in accordance with
134 3 this subsection shall not be denied by reason of a
134 4 limitation provision set forth in chapter 421, 422, or
134 5 423.
134 6 c. A contractor or subcontractor who willfully
134 7 makes a false report of tax paid under the provisions
134 8 of this subsection is guilty of a simple misdemeanor
134 9 and in addition is liable for the payment of the tax
134 10 and any applicable penalty and interest.
134 11 Sec. 164. Section 28A.17, unnumbered paragraph 1,
134 12 Code 2003, is amended to read as follows:
134 13 If an authority is established as provided in
134 14 section 28A.6 and after approval of a referendum by a
134 15 simple majority of votes cast in each metropolitan
134 16 area in favor of the sales and services tax, the
134 17 governing board of a county in this state within a
134 18 metropolitan area which is part of the authority shall
134 19 impose, at the request of the authority, a local sales
134 20 and services tax at the rate of one-fourth of one
134 21 percent on ~~gross receipts~~ the sales price taxed by
134 22 this state under ~~chapter 422, division IV section~~
134 23 ~~423.2~~, within the metropolitan area located in this
134 24 state. The referendum shall be called by resolution
134 25 of the board and shall be held as provided in section
134 26 28A.6 to the extent applicable. The ballot
134 27 proposition shall contain a statement as to the
134 28 specific purpose or purposes for which the revenues
134 29 shall be expended and the date of expiration of the
134 30 tax. The local sales and services tax shall be
134 31 imposed on the same basis, with the same exceptions,
134 32 and following the same administrative procedures as
134 33 provided for a county under sections 422B.8 and
134 34 422B.9. The amount of the sale, for the purposes of
134 35 determining the amount of the local sales and services
134 36 tax under this section, does not include the amount of
134 37 any local sales and services tax imposed under
134 38 sections 422B.8 and 422B.9.
134 39 Sec. 165. Section 29C.15, Code 2003, is amended to
134 40 read as follows:
134 41 29C.15 TAX=EXEMPT PURCHASES.
134 42 All purchases under the provisions of this chapter
134 43 shall be exempt from the taxes imposed by sections
134 44 ~~422.43~~ 423.2 and ~~423.2~~ 423.5.
134 45 Sec. 166. Section 99E.10, subsection 1, paragraph
134 46 b, Code 2003, is amended to read as follows:
134 47 b. An amount equal to the product of the state
134 48 sales tax rate under section ~~422.43~~ 423.2 multiplied
134 49 by the gross sales price of each ticket or share sold
134 50 shall be deducted as the sales tax on the sale of that
135 1 ticket or share, remitted to the treasurer of state
135 2 and deposited into the state general fund.
135 3 Sec. 167. Section 123.187, subsection 2, Code
135 4 2003, is amended to read as follows:
135 5 2. A winery licensed or permitted pursuant to laws
135 6 regulating alcoholic beverages in a state which
135 7 affords this state an equal reciprocal shipping
135 8 privilege may ship into this state by private common
135 9 carrier, to a person twenty-one years of age or older,
135 10 not more than eighteen liters of wine per month, for
135 11 consumption or use by the person. Such wine shall not
135 12 be resold. Shipment of wine pursuant to this
135 13 subsection is not subject to sales tax under section

135 14 ~~422.43~~ 423.2, use tax under section ~~423.2~~ 423.5, or
135 15 the wine gallonage tax under section 123.183, and does
135 16 not require a refund value for beverage container
135 17 control purposes under chapter 455C.

135 18 Sec. 168. Section 262.54, Code 2003, is amended to
135 19 read as follows:

135 20 262.54 COMPUTER SALES.

135 21 Sales, by an institution under the control of the
135 22 board of regents, of computer equipment, computer
135 23 software, and computer supplies to students and
135 24 faculty at the institution are retail sales under
135 25 chapter ~~422, division IV~~ 423.

135 26 Sec. 169. Section 303.9, subsection 2, Code 2003,
135 27 is amended to read as follows:

135 28 2. The department may sell mementos and other
135 29 items relating to Iowa history and historic sites on
135 30 the premises of property under control of the
135 31 department and at the state capitol. Notwithstanding
135 32 sections 18.12 and 18.16, the department may directly
135 33 and independently enter into rental and lease
135 34 agreements with private vendors for the purpose of
135 35 selling mementos. All fees and income produced by the
135 36 sales and rental or lease agreements shall be credited
135 37 to the account of the department. The mementos and
135 38 other items sold by the department or vendors under
135 39 this subsection are exempt from section 18.6. ~~The~~
~~135 40 department is not a retailer under chapter 422 and the~~
~~135 41 sale of such mementos and other items by the~~
~~135 42 department is not a retail sale under chapter 422 and~~
~~135 43 is exempt from the sales tax.~~

135 44 Sec. 170. Section 312.1, subsection 4, Code 2003,
135 45 is amended to read as follows:

135 46 4. To the extent provided in section ~~423.24~~
135 47 423.43, subsection 1, paragraph "b", from revenue
135 48 derived from the use tax, under chapter 423 on motor
135 49 vehicles, trailers, and motor vehicle accessories and
135 50 equipment.

136 1 Sec. 171. Section 312.2, subsections 14 and 16,
136 2 Code 2003, are amended to read as follows:

136 3 14. The treasurer of state, before making the
136 4 allotments provided for in this section, shall credit
136 5 monthly from the road use tax fund to the general fund
136 6 of the state from revenue credited to the road use tax
136 7 fund under section ~~423.24~~ 423.43, subsection 1,
136 8 paragraph "b", an amount equal to one-twentieth of
136 9 eighty percent of the revenue from the operation of
136 10 section ~~423.7~~ 423.26.

136 11 There is appropriated from the general fund of the
136 12 state for each fiscal year to the state department of
136 13 transportation the amount of revenues credited to the
136 14 general fund of the state during the fiscal year under
136 15 this subsection to be used for purposes of public
136 16 transit assistance under chapter 324A.

136 17 16. The treasurer of state, before making the
136 18 allotments provided for in this section, shall credit
136 19 monthly from the road use tax fund to the motorcycle
136 20 rider education fund established in section 321.180B,
136 21 an amount equal to one dollar per year of license
136 22 validity for each issued or renewed driver's license
136 23 which is valid for the operation of a motorcycle.
136 24 Moneys credited to the motorcycle rider education fund
136 25 under this subsection shall be taken from moneys
136 26 credited to the road use tax fund under section ~~423.24~~
136 27 423.43.

136 28 Sec. 172. Section 321.20, subsection 5, Code 2003,
136 29 is amended to read as follows:

136 30 5. The amount of tax to be paid under section
136 31 ~~423.7~~ 423.26.

136 32 Sec. 173. Section 321.24, subsections 1 and 3,
136 33 Code 2003, are amended to read as follows:

136 34 1. Upon receipt of the application for title and
136 35 payment of the required fees for a motor vehicle,
136 36 trailer, or semitrailer, the county treasurer or the
136 37 department shall, when satisfied as to the
136 38 application's genuineness and regularity, and, in the
136 39 case of a mobile home or manufactured home, that taxes
136 40 are not owing under chapter 435, issue a certificate
136 41 of title and, except for a mobile home or manufactured
136 42 home, a registration receipt, and shall file the
136 43 application, the manufacturer's or importer's
136 44 certificate, the certificate of title, or other

136 45 evidence of ownership, as prescribed by the
136 46 department. The registration receipt shall be
136 47 delivered to the owner and shall contain upon its face
136 48 the date issued, the name and address of the owner,
136 49 the registration number assigned to the vehicle, the
136 50 amount of the fee paid, the amount of tax paid
137 1 pursuant to section ~~423.7~~ 423.26, the type of fuel
137 2 used, and a description of the vehicle as determined
137 3 by the department, and upon the reverse side a form
137 4 for notice of transfer of the vehicle. The name and
137 5 address of any lessee of the vehicle shall not be
137 6 printed on the registration receipt or certificate of
137 7 title. Up to three owners may be listed on the
137 8 registration receipt and certificate of title.

137 9 3. The certificate of title shall contain upon its
137 10 face the identical information required upon the face
137 11 of the registration receipt. In addition, the
137 12 certificate of title shall contain a statement of the
137 13 owner's title, the title number assigned to the owner
137 14 or owners of the vehicle, the amount of tax paid
137 15 pursuant to section ~~423.7~~ 423.26, the name and address
137 16 of the previous owner, and a statement of all security
137 17 interests and encumbrances as shown in the
137 18 application, upon the vehicle described, including the
137 19 nature of the security interest, date of notation, and
137 20 name and address of the secured party.

137 21 Sec. 174. Section 321.34, subsection 7, paragraph
137 22 c, Code 2003, is amended to read as follows:

137 23 c. The fees for a collegiate registration plate
137 24 are as follows:

137 25 (1) A registration fee of twenty-five dollars.

137 26 (2) A special collegiate registration fee of
137 27 twenty-five dollars.

137 28 These fees are in addition to the regular annual
137 29 registration fee. The fees collected by the director
137 30 under this subsection shall be paid monthly to the
137 31 treasurer of state and credited by the treasurer of
137 32 state to the road use tax fund. Notwithstanding
137 33 section ~~423.24~~ 423.43 and prior to the revenues being
137 34 credited to the road use tax fund under section ~~423.24~~
137 35 423.43, subsection 1, paragraph "b", the treasurer of
137 36 state shall credit monthly from those revenues
137 37 respectively, to Iowa state university of science and
137 38 technology, the university of northern Iowa, and the
137 39 state university of Iowa, the amount of the special
137 40 collegiate registration fees collected in the previous
137 41 month for collegiate registration plates designed for
137 42 the university. The moneys credited are appropriated
137 43 to the respective universities to be used for
137 44 scholarships for students attending the universities.

137 45 Sec. 175. Section 321.34, subsection 11, paragraph
137 46 c, Code 2003, is amended to read as follows:

137 47 c. The special natural resources fee for letter
137 48 number designated natural resources plates is thirty=
137 49 five dollars. The fee for personalized natural
137 50 resources plates is forty-five dollars which shall be
138 1 paid in addition to the special natural resources fee
138 2 of thirty-five dollars. The fees collected by the
138 3 director under this subsection shall be paid monthly
138 4 to the treasurer of state and credited to the road use
138 5 tax fund. Notwithstanding section ~~423.24~~ 423.43, and
138 6 prior to the crediting of revenues to the road use tax
138 7 fund under section ~~423.24~~ 423.43, subsection 1,
138 8 paragraph "b", the treasurer of state shall credit
138 9 monthly from those revenues to the Iowa resources
138 10 enhancement and protection fund created pursuant to
138 11 section 455A.18, the amount of the special natural
138 12 resources fees collected in the previous month for the
138 13 natural resources plates.

138 14 Sec. 176. Section 321.34, subsection 11A,
138 15 paragraph c, Code 2003, is amended to read as follows:

138 16 c. The special fee for letter number designated
138 17 love our kids plates is thirty-five dollars. The fee
138 18 for personalized love our kids plates is twenty-five
138 19 dollars, which shall be paid in addition to the
138 20 special love our kids fee of thirty-five dollars. The
138 21 fees collected by the director under this subsection
138 22 shall be paid monthly to the treasurer of state and
138 23 credited to the road use tax fund. Notwithstanding
138 24 section ~~423.24~~ 423.43, and prior to the crediting of
138 25 revenues to the road use tax fund under section ~~423.24~~

138 26 423.43, subsection 1, paragraph "b", the treasurer of
138 27 state shall transfer monthly from those revenues to
138 28 the Iowa department of public health the amount of the
138 29 special fees collected in the previous month for the
138 30 love our kids plates. Notwithstanding section 8.33,
138 31 moneys transferred under this subsection shall not
138 32 revert to the general fund of the state.

138 33 Sec. 177. Section 321.34, subsection 11B,
138 34 paragraph c, Code 2003, is amended to read as follows:
138 35 c. The special fee for letter number designated
138 36 motorcycle rider education plates is thirty-five
138 37 dollars. The fee for personalized motorcycle rider
138 38 education plates is twenty-five dollars, which shall
138 39 be paid in addition to the special motorcycle rider
138 40 education fee of thirty-five dollars. The fees
138 41 collected by the director under this subsection shall
138 42 be paid monthly to the treasurer of state and credited
138 43 to the road use tax fund. Notwithstanding section
138 44 ~~423.24~~ 423.43, and prior to the crediting of revenues
138 45 to the road use tax fund under section ~~423.24~~ 423.43,
138 46 subsection 1, paragraph "b", the treasurer of state
138 47 shall transfer monthly from those revenues to the
138 48 department for use in accordance with section
138 49 321.180B, subsection 6, the amount of the special fees
138 50 collected in the previous month for the motorcycle
139 1 rider education plates.

139 2 Sec. 178. Section 321.34, subsection 13, paragraph
139 3 d, Code 2003, is amended to read as follows:
139 4 d. A state agency may submit a request to the
139 5 department recommending a special registration plate.
139 6 The alternate fee for letter number designated plates
139 7 is thirty-five dollars with a ten dollar annual
139 8 special renewal fee. The fee for personalized plates
139 9 is twenty-five dollars which is in addition to the
139 10 alternative fee of thirty-five dollars with an annual
139 11 personalized plate renewal fee of five dollars which
139 12 is in addition to the special renewal fee of ten
139 13 dollars. The alternate fees are in addition to the
139 14 regular annual registration fee. The alternate fees
139 15 collected under this paragraph shall be paid monthly
139 16 to the treasurer of state and credited to the road use
139 17 tax fund. Notwithstanding section ~~423.24~~ 423.43, and
139 18 prior to the crediting of the revenues to the road use
139 19 tax fund under section ~~423.24~~ 423.43, subsection 1,
139 20 paragraph "b", the treasurer of state shall credit
139 21 monthly the amount of the alternate fees collected in
139 22 the previous month to the state agency that
139 23 recommended the special registration plate.

139 24 Sec. 179. Section 321.34, subsection 21, paragraph
139 25 c, Code 2003, is amended to read as follows:
139 26 c. The special fees collected by the director
139 27 under this subsection shall be paid monthly to the
139 28 treasurer of state and credited to the road use tax
139 29 fund. Notwithstanding section ~~423.24~~ 423.43, and
139 30 prior to the crediting of revenues to the road use tax
139 31 fund under section ~~423.24~~ 423.43, subsection 1,
139 32 paragraph "b", the treasurer of state shall credit
139 33 monthly to the Iowa heritage fund created under
139 34 section 303.9A the amount of the special fees
139 35 collected in the previous month for the Iowa heritage
139 36 plates.

139 37 Sec. 180. Section 321.34, subsection 22, paragraph
139 38 b, Code 2003, is amended to read as follows:
139 39 b. The special school transportation fee for
139 40 letter number designated education plates is thirty=
139 41 five dollars. The fee for personalized education
139 42 plates is twenty-five dollars, which shall be paid in
139 43 addition to the special school transportation fee of
139 44 thirty-five dollars. The annual special school
139 45 transportation fee is ten dollars for letter number
139 46 designated registration plates and is fifteen dollars
139 47 for personalized registration plates which shall be
139 48 paid in addition to the regular annual registration
139 49 fee. The fees collected by the director under this
139 50 subsection shall be paid monthly to the treasurer of
140 1 state and credited to the road use tax fund.
140 2 Notwithstanding section ~~423.24~~ 423.43, and prior to
140 3 the crediting of revenues to the road use tax fund
140 4 under section ~~423.24~~ 423.43, subsection 1, paragraph
140 5 "b", the treasurer of state shall transfer monthly
140 6 from those revenues to the school budget review

140 7 committee in accordance with section 257.31,
140 8 subsection 17, the amount of the special school
140 9 transportation fees collected in the previous month
140 10 for the education plates.
140 11 Sec. 181. Section 321F.9, Code 2003, is amended to
140 12 read as follows:
140 13 321F.9 OPTION TO PURCHASE == DEALER'S LICENSE.
140 14 Any person engaged in business in this state shall
140 15 not enter into any agreement for the use of a motor
140 16 vehicle under the terms of which ~~such that~~ person
140 17 grants to another an option to purchase ~~such the~~ motor
140 18 vehicle without first having obtained a motor vehicle
140 19 dealer's license under the provisions of chapter 322,
140 20 and all sales of motor vehicles under such options
140 21 shall be subject to sales or use taxes imposed under
140 22 the provisions of ~~chapters 422 and~~ chapter 423.
140 23 Nothing contained in this section shall require such
140 24 person to have a place of business as provided by
140 25 section 322.6, subsection 8.
140 26 Sec. 182. Section 327I.26, Code 2003, is amended
140 27 to read as follows:
140 28 327I.26 APPROPRIATION TO AUTHORITY.
140 29 Notwithstanding section ~~423.24 423.43~~, and prior to
140 30 the application of section ~~423.24 423.43~~, subsection
140 31 1, paragraph "b", there shall be deposited into the
140 32 general fund of the state and is appropriated to the
140 33 authority from eighty percent of the revenues derived
140 34 from the operation of section ~~423.7 423.26~~, the
140 35 amounts certified by the authority under section
140 36 327I.25. However, the total amount deposited into the
140 37 general fund and appropriated to the Iowa railway
140 38 finance authority under this section shall not exceed
140 39 two million dollars annually. Moneys appropriated to
140 40 the Iowa railway finance authority under this section
140 41 are appropriated only for the payment of principal and
140 42 interest on obligations or the payment of leases
140 43 guaranteed by the authority as provided under section
140 44 327I.25.
140 45 Sec. 183. Section 328.26, unnumbered paragraph 2,
140 46 Code 2003, is amended to read as follows:
140 47 When an aircraft is registered to a person for the
140 48 first time the fee submitted to the department shall
140 49 include the tax imposed by section ~~422.43 423.2~~ or
140 50 section ~~423.2 423.5~~ or evidence of the exemption of
141 1 the aircraft from the tax imposed under section ~~422.43~~
141 2 ~~423.2~~ or ~~423.2 423.5~~.
141 3 Sec. 184. Section 331.557, subsection 3, Code
141 4 2003, is amended to read as follows:
141 5 3. Collect the use tax on vehicles subject to
141 6 registration as provided in sections ~~423.6, 423.7, and~~
~~141 7 423.7A 423.14, 423.26, and 423.27.~~
141 8 Sec. 185. Section 357A.15, unnumbered paragraph 2,
141 9 Code 2003, is amended to read as follows:
141 10 A rural water district organized under chapter 504A
141 11 shall receive a refund of sales or use taxes upon
141 12 submitting an application to the department of revenue
141 13 and finance for ~~such the~~ refund of taxes imposed upon
141 14 the ~~gross receipts sales price~~ of all sales of
141 15 building materials, supplies, or equipment sold to a
141 16 contractor or used in the fulfillment of a written
141 17 contract for the construction of facilities for ~~such~~
141 18 ~~the~~ rural water district to the same extent as a rural
141 19 water district organized under this chapter may obtain
141 20 a refund under section ~~422.45 423.4~~, subsection 7 1.
141 21 Sec. 186. Section 421.10, Code 2003, is amended to
141 22 read as follows:
141 23 421.10 APPEAL PERIOD == APPLICABILITY.
141 24 The appeal period for revision of assessment of
141 25 tax, interest, and penalties set out under section
141 26 422.28, ~~422.54 423.37~~, 437A.9, 437A.22, 452A.64,
141 27 453A.29, or 453A.46 applies to appeals to notices from
141 28 the department denying changes in filing methods,
141 29 denying refund claims, and denying portions of refund
141 30 claims for the tax covered by that section, and
141 31 notices of any department action directed to a
141 32 specific taxpayer, other than licensing, which
141 33 involves a calculation.
141 34 Sec. 187. Section 421.17, subsection 22B, Code
141 35 2003, is amended to read as follows:
141 36 22B. ~~Enter~~ To enter into agreements or compacts
141 37 with remote sellers, retailers, or third-party

141 38 providers for the voluntary collection of Iowa sales
141 39 or use taxes attributable to sales into Iowa ~~and to~~
~~141 40 enter. The director has the authority to enter into~~
141 41 and perform all duties required of the office of
~~141 42 director by~~ multistate agreements or compacts that
141 43 provide for the ~~voluntary~~ collection of sales and use
141 44 taxes, including joint audits with other states or
~~141 45 audits on behalf of other states.~~ The agreements or
141 46 compacts shall generally conform to the provisions of
141 47 Iowa sales and use tax statutes. All fees for
141 48 services, reimbursements, remuneration, incentives,
141 49 and costs incurred by the department associated with
141 50 these agreements or compacts may be paid or reimbursed
142 1 from the additional revenue generated. An amount is
142 2 appropriated from amounts generated to pay or
142 3 reimburse all costs associated with this subsection.
142 4 Persons entering into an agreement or compact with the
142 5 department pursuant to this subsection are subject to
142 6 the requirements and penalties of the confidentiality
142 7 laws of this state regarding tax information.
142 8 Notwithstanding any other provisions of law, the
142 9 contract, agreement, or compact shall provide for the
142 10 registration, collection, report, and verification of
142 11 amounts subject to this subsection.

142 12 Sec. 188. Section 421.17, subsection 29, paragraph
142 13 j, Code 2003, is amended to read as follows:

142 14 j. The department's existing right to credit
142 15 against tax due or to become due under section 422.73
142 16 or 423.47 is not to be impaired by a right granted to
142 17 or a duty imposed upon the department or other state
142 18 agency by this subsection. This subsection is not
142 19 intended to impose upon the department any additional
142 20 requirement of notice, hearing, or appeal concerning
142 21 the right to credit against tax due under section
142 22 422.73 or 423.47.

142 23 Sec. 189. Section 421.17, subsection 34, paragraph
142 24 i, Code 2003, is amended to read as follows:

142 25 i. The director may distribute to credit reporting
142 26 entities and for publication the names, addresses, and
142 27 amounts of indebtedness owed to or being collected by
142 28 the state if the indebtedness is subject to the
142 29 centralized debt collection procedure established in
142 30 this subsection. The director shall adopt rules to
142 31 administer this paragraph, and the rules shall provide
142 32 guidelines by which the director shall determine which
142 33 names, addresses, and amounts of indebtedness may be
142 34 distributed for publication. The director may
142 35 distribute information for publication pursuant to
142 36 this paragraph, notwithstanding sections 422.20,
142 37 422.72, and ~~423.23~~ 423.42, or any other provision of
142 38 state law to the contrary pertaining to
142 39 confidentiality of information.

142 40 Sec. 190. Section 421.26, Code 2003, is amended to
142 41 read as follows:

142 42 421.26 PERSONAL LIABILITY FOR TAX DUE.

142 43 If a licensee or other person under section
142 44 452A.65, a retailer or purchaser under chapter 422A or
142 45 422B, or section ~~422.52~~ 423.31 or 423.33, or a
142 46 retailer or purchaser under section ~~423.13~~ 423.32 or a
142 47 user under section ~~423.14~~ 423.34 fails to pay a tax
142 48 under those sections when due, an officer of a
142 49 corporation or association, notwithstanding sections
142 50 490A.601 and 490A.602, a member or manager of a
143 1 limited liability company, or a partner of a
143 2 partnership, having control or supervision of or the
143 3 authority for remitting the tax payments and having a
143 4 substantial legal or equitable interest in the
143 5 ownership of the corporation, association, limited
143 6 liability company, or partnership, who has
143 7 intentionally failed to pay the tax is personally
143 8 liable for the payment of the tax, interest, and
143 9 penalty due and unpaid. However, this section shall
143 10 not apply to taxes on accounts receivable. The
143 11 dissolution of a corporation, association, limited
143 12 liability company, or partnership shall not discharge
143 13 a person's liability for failure to remit the tax due.

143 14 Sec. 191. Section 421.28, Code 2003, is amended to
143 15 read as follows:

143 16 421.28 EXCEPTIONS TO SUCCESSOR LIABILITY.

143 17 The immediate successor to a licensee's or
143 18 retailer's business or stock of goods under chapter

143 19 422A or 422B, or section ~~422.52, 423.13, 423.14,~~
143 20 423.33 or 452A.65, is not personally liable for the
143 21 amount of delinquent tax, interest, or penalty due and
143 22 unpaid if the immediate successor shows that the
143 23 purchase of the business or stock of goods was made in
143 24 good faith that no delinquent tax, interest, or
143 25 penalty was due and unpaid. For purposes of this
143 26 section the immediate successor shows good faith by
143 27 evidence that the department had provided the
143 28 immediate successor with a certified statement that no
143 29 delinquent tax, interest, or penalty is unpaid, or
143 30 that the immediate successor had taken in good faith a
143 31 certified statement from the licensee, retailer, or
143 32 seller that no delinquent tax, interest, or penalty is
143 33 unpaid. When requested to do so by a person with whom
143 34 the licensee or retailer is negotiating the sale of
143 35 the business or stock of goods, the director of
143 36 revenue and finance shall, upon being satisfied that
143 37 such a situation exists, inform that person as to the
143 38 amount of unpaid delinquent tax, interest, or penalty
143 39 due by the licensee or the retailer. The giving of
143 40 the information under this circumstance is not a
143 41 violation of section 422.20, 422.72, or 452A.63.
143 42 Sec. 192. Section 421B.11, unnumbered paragraph 3,
143 43 Code 2003, is amended to read as follows:
143 44 Judicial review of the actions of the director may
143 45 be sought in accordance with the terms of the Iowa
143 46 administrative procedure Act, and section ~~422.55~~
143 47 423.38.
143 48 Sec. 193. Section 422.7, subsection 21, paragraph
143 49 a, subparagraph (1), unnumbered paragraph 1, Code
143 50 2003, is amended to read as follows:
144 1 Net capital gain from the sale of real property
144 2 used in a business, in which the taxpayer materially
144 3 participated for ten years, as defined in section
144 4 469(h) of the Internal Revenue Code, and which has
144 5 been held for a minimum of ten years, or from the sale
144 6 of a business, as defined in section ~~422.42~~ 423.1, in
144 7 which the taxpayer was employed or in which the
144 8 taxpayer materially participated for ten years, as
144 9 defined in section 469(h) of the Internal Revenue
144 10 Code, and which has been held for a minimum of ten
144 11 years. The sale of a business means the sale of all
144 12 or substantially all of the tangible personal property
144 13 or service of the business.
144 14 Sec. 194. Section 422.73, subsection 1, Code 2003,
144 15 is amended by striking the subsection.
144 16 Sec. 195. Section 422A.1, unnumbered paragraphs 1,
144 17 3, 7, and 8, Code 2003, are amended to read as
144 18 follows:
144 19 A city or county may impose by ordinance of the
144 20 city council or by resolution of the board of
144 21 supervisors a hotel and motel tax, at a rate not to
144 22 exceed seven percent, which shall be imposed in
144 23 increments of one or more full percentage points upon
144 24 the ~~gross receipts~~ sales price from the renting of
144 25 sleeping rooms, apartments, or sleeping quarters in a
144 26 hotel, motel, inn, public lodging house, rooming
144 27 house, manufactured or mobile home which is tangible
144 28 personal property, or tourist court, or in any place
144 29 where sleeping accommodations are furnished to
144 30 transient guests for rent, whether with or without
144 31 meals; except the ~~gross receipts~~ sales price from the
144 32 renting of sleeping rooms in dormitories and in
144 33 memorial unions at all universities and colleges
144 34 located in the state of Iowa and the guests of a
144 35 religious institution if the property is exempt under
144 36 section 427.1, subsection 8, and the purpose of
144 37 renting is to provide a place for a religious retreat
144 38 or function and not a place for transient guests
144 39 generally. The tax when imposed by a city shall apply
144 40 only within the corporate boundaries of that city and
144 41 when imposed by a county shall apply only outside
144 42 incorporated areas within that county. "Renting" and
144 43 "rent" include any kind of direct or indirect charge
144 44 for such sleeping rooms, apartments, or sleeping
144 45 quarters, or their use. However, the tax does not
144 46 apply to the ~~gross receipts~~ sales price from the
144 47 renting of a sleeping room, apartment, or sleeping
144 48 quarters while rented by the same person for a period
144 49 of more than thirty-one consecutive days.

144 50 A local hotel and motel tax shall be imposed on
145 1 January 1, April 1, July 1, or October 1, following
145 2 the notification of the director of revenue and
145 3 finance. Once imposed, the tax shall remain in effect
145 4 at the rate imposed for a minimum of one year. A
145 5 local hotel and motel tax shall terminate only on
145 6 March 31, June 30, September 30, or December 31. At
145 7 least ~~forty-five~~ sixty days prior to the tax being
145 8 effective or prior to a revision in the tax rate, or
145 9 prior to the repeal of the tax, a city or county shall
145 10 provide notice by mail of such action to the director
145 11 of revenue and finance.

145 12 No tax permit other than the state sales tax permit
145 13 required under section ~~422.53~~ 423.36 may be required
145 14 by local authorities.

145 15 The tax levied shall be in addition to any state
145 16 sales tax imposed under section ~~422.43~~ 423.2. Section
145 17 422.25, subsection 4, sections 422.30, ~~422.48 to~~
~~145 18 422.52, 422.54 to 422.58,~~ 422.67, and 422.68, section
145 19 422.69, subsection 1, and sections 422.70 to 422.75,
145 20 section 423.14, subsection 1, and sections 423.23,
~~145 21 423.24, 423.25, 423.31, 423.33, 423.35, 423.37 to~~
~~145 22 423.42, and 423.47,~~ consistent with the provisions of

145 23 this chapter, apply with respect to the taxes
145 24 authorized under this chapter, in the same manner and
145 25 with the same effect as if the hotel and motel taxes
145 26 were retail sales taxes within the meaning of those
145 27 statutes. Notwithstanding this paragraph, the
145 28 director shall provide for quarterly filing of returns
145 29 ~~as prescribed in section 422.51~~ and for other than
145 30 quarterly filing of returns both as prescribed in
145 31 section ~~422.51, subsection 2~~ 423.31. The director may
145 32 require all persons, as defined in section ~~422.42~~
145 33 423.1, who are engaged in the business of deriving
145 34 ~~gross receipts~~ any sales price subject to tax under
145 35 this chapter, to register with the department.

145 36 Sec. 196. Section 422B.8, Code 2003, is amended to
145 37 read as follows:

145 38 422B.8 LOCAL SALES AND SERVICES TAX.

145 39 A local sales and services tax at the rate of not
145 40 more than one percent may be imposed by a county on
145 41 the ~~gross receipts~~ sales price taxed by the state
145 42 under chapter ~~422~~ 423, ~~division IV subchapter II~~. A
145 43 local sales and services tax shall be imposed on the
145 44 same basis as the state sales and services tax or in
145 45 the case of the use of natural gas, natural gas
145 46 service, electricity, or electric service on the same
145 47 basis as the state use tax and shall not be imposed on
145 48 the sale of any property or on any service not taxed
145 49 by the state, except the tax shall not be imposed on
145 50 the ~~gross receipts~~ sales price from the sale of motor
146 1 fuel or special fuel as defined in chapter 452A which
146 2 is consumed for highway use or in watercraft or
146 3 aircraft if the fuel tax is paid on the transaction
146 4 and a refund has not or will not be allowed, on the
146 5 ~~gross receipts~~ sales price from the rental of rooms,
146 6 apartments, or sleeping quarters which are taxed under
146 7 chapter 422A during the period the hotel and motel tax
146 8 is imposed, on the ~~gross receipts~~ sales price from the
146 9 sale of equipment by the state department of
146 10 transportation, on the ~~gross receipts~~ sales price from
146 11 the sale of self-propelled building equipment, pile
146 12 drivers, motorized scaffolding, or attachments
146 13 customarily drawn or attached to self-propelled
146 14 building equipment, pile drivers, and motorized
146 15 scaffolding, including auxiliary attachments which
146 16 improve the performance, safety, operation, or
146 17 efficiency of the equipment and replacement parts and
146 18 are directly and primarily used by contractors,
146 19 subcontractors, and builders for new construction,
146 20 reconstruction, alterations, expansion, or remodeling
146 21 of real property or structures, and on the ~~gross~~
~~146 22 receipts~~ sales price from the sale of a lottery ticket
146 23 or share in a lottery game conducted pursuant to
146 24 chapter 99E and except the tax shall not be imposed on
146 25 the ~~gross receipts~~ sales price from the sale or use of
146 26 natural gas, natural gas service, electricity, or
146 27 electric service in a city or county where the ~~gross~~
~~146 28 receipts~~ sales price from the sale of natural gas or
146 29 electric energy are subject to a franchise fee or user
146 30 fee during the period the franchise or user fee is

146 31 imposed. A local sales and services tax is applicable
146 32 to transactions within those incorporated and
146 33 unincorporated areas of the county where it is imposed
146 34 and shall be collected by all persons required to
146 35 collect state ~~gross receipts~~ sales taxes. However, a
146 36 person required to collect state retail sales tax
146 37 under chapter ~~422 423, division IV subchapter V or VI,~~
146 38 is not required to collect local sales and services
146 39 tax on transactions delivered within the area where
146 40 the local sales and services tax is imposed unless the
146 41 person has physical presence in that taxing area. All
146 42 cities contiguous to each other shall be treated as
146 43 part of one incorporated area and the tax would be
146 44 imposed in each of those contiguous cities only if the
146 45 majority of those voting in the total area covered by
146 46 the contiguous cities favor its imposition.

146 47 The amount of the sale, for purposes of determining
146 48 the amount of the local sales and services tax, does
146 49 not include the amount of any state ~~gross receipts~~
~~146 50 taxes sales tax.~~

147 1 A tax permit other than the state sales tax permit
147 2 required under section ~~422.53 or 423.10~~ 423.36 shall
147 3 not be required by local authorities.

147 4 If a local sales and services tax is imposed by a
147 5 county pursuant to this chapter, a local excise tax at
147 6 the same rate shall be imposed by the county on the
147 7 purchase price of natural gas, natural gas service,
147 8 electricity, or electric service subject to tax under
147 9 chapter 423, subchapter III, and not exempted from tax
147 10 by any provision of chapter 423, subchapter III. The
147 11 local excise tax is applicable only to the use of
147 12 natural gas, natural gas service, electricity, or
147 13 electric service within those incorporated and
147 14 unincorporated areas of the county where it is imposed
147 15 and, except as otherwise provided in this chapter,
147 16 shall be collected and administered in the same manner
147 17 as the local sales and services tax. For purposes of
147 18 this chapter, "local sales and services tax" shall
147 19 also include the local excise tax.

147 20 Sec. 197. Section 422B.9, subsections 1 and 2,
147 21 Code 2003, are amended to read as follows:

147 22 1. a. A local sales and services tax shall be
147 23 imposed either January 1 or July 1 following the
147 24 notification of the director of revenue and finance
147 25 but not sooner than ninety days following the
147 26 favorable election and not sooner than sixty days
147 27 following notice to sellers, as defined in section

~~147 28 423.1.~~ However, a jurisdiction which has voted to
147 29 continue imposition of the tax may impose that tax
147 30 without repeal of the prior tax.

147 31 b. A local sales and services tax shall be
147 32 repealed only on June 30 or December 31 but not sooner
147 33 than ninety days following the favorable election if
147 34 one is held. However, a local sales and services tax
147 35 shall not be repealed before the tax has been in
147 36 effect for one year. At least forty days before the
147 37 imposition or repeal of the tax, a county shall
147 38 provide notice of the action by certified mail to the
147 39 director of revenue and finance.

147 40 c. The imposition of or a rate change for a local
147 41 sales and service tax shall not be applied to
147 42 purchases from a printed catalog wherein a purchaser
147 43 computes the local tax based on rates published in the
147 44 catalog unless a minimum of one hundred twenty days'
147 45 notice of the imposition or rate change has been given
147 46 to the seller from the catalog and the first day of a
147 47 calendar quarter has occurred on or after the one
147 48 hundred twentieth day.

147 49 e- d. If a local sales and services tax has been
147 50 imposed prior to April 1, 2000, and at the time of the
148 1 election a date for repeal was specified on the
148 2 ballot, the local sales and services tax may be
148 3 repealed on that date, notwithstanding paragraph "b".

148 4 2. a. The director of revenue and finance shall
148 5 administer a local sales and services tax as nearly as
148 6 possible in conjunction with the administration of
148 7 state ~~gross receipts~~ sales tax laws. The director
148 8 shall provide appropriate forms or provide on the
148 9 regular state tax forms for reporting local sales and
148 10 services tax liability.

148 11 b. The ordinance of a county board of supervisors

148 12 imposing a local sales and services tax shall adopt by
148 13 reference the applicable provisions of the appropriate
148 14 sections of ~~chapter 422, division IV, and chapter 423.~~
148 15 All powers and requirements of the director to
148 16 administer the state ~~gross receipts sales~~ tax law and
148 17 use tax law are applicable to the administration of a
148 18 local sales and services tax law and the local excise
148 19 tax, including but not limited to, the provisions of
148 20 section 422.25, subsection 4, sections 422.30, ~~422.48~~
~~148 21 to 422.52, 422.54 to 422.58, 422.67, and 422.68,~~
148 22 section 422.69, subsection 1, sections 422.70 to
148 23 422.75, 423.6, subsections 2 to 4, and sections 423.11
~~148 24 to 423.18, and 423.21~~ section 423.14, subsection 1 and
148 25 subsection 2, paragraphs "b" through "e", and sections
148 26 423.15, 423.23, 423.24, 423.25, 423.31 to 423.35,
148 27 423.37 to 423.42, 423.46, and 423.47. Local officials
148 28 shall confer with the director of revenue and finance
148 29 for assistance in drafting the ordinance imposing a
148 30 local sales and services tax. A certified copy of the
148 31 ordinance shall be filed with the director as soon as
148 32 possible after passage.

148 33 c. Frequency of deposits and quarterly reports of
148 34 a local sales and services tax with the department of
148 35 revenue and finance are governed by the tax provisions
148 36 in section ~~422.52~~ 423.31. Local tax collections shall
148 37 not be included in computation of the total tax to
148 38 determine frequency of filing under section ~~422.52~~
148 39 423.31.

148 40 d. The director shall apply a boundary change of a
148 41 county or city imposing or collecting the local sales
148 42 and service tax to the imposition or collection of
148 43 that tax only on the first day of a calendar quarter
148 44 which occurs sixty days or more after the director has
148 45 given notice of the boundary change to sellers.

148 46 Sec. 198. Section 422C.2, subsections 4 and 6,
148 47 Code 2003, are amended to read as follows:

148 48 4. "Person" means person as defined in section
148 49 ~~422.42~~ 423.1.

148 50 6. "Rental price" means the consideration for
149 1 renting an automobile valued in money, and means the
149 2 same as ~~"gross taxable services"~~ "sales price" as
149 3 defined in section ~~422.42~~ 423.1.

149 4 Sec. 199. Section 422C.3, Code 2003, is amended to
149 5 read as follows:

149 6 422C.3 TAX ON RENTAL OF AUTOMOBILES.

149 7 1. A tax of five percent is imposed upon the
149 8 rental price of an automobile if the rental
149 9 transaction is subject to the sales and services tax
149 10 under chapter ~~422~~ 423, division IV subchapter II, or
149 11 the use tax under chapter 423, subchapter III. The
149 12 tax shall not be imposed on any rental transaction not
149 13 taxable under the state sales and services tax, as
149 14 provided in section ~~422.45~~ 423.3, or the state use
149 15 tax, as provided in section ~~423.4~~ 423.6, on automobile
149 16 rental receipts.

149 17 2. The lessor shall collect the tax by adding the
149 18 tax to the rental price of the automobile.

149 19 3. The tax, when collected, shall be stated as a
149 20 distinct item separate and apart from the rental price
149 21 of the automobile and the sales and services tax
149 22 imposed under chapter ~~422~~ 423, division IV subchapter
149 23 II, or the use tax imposed under chapter 423,
149 24 subchapter III.

149 25 Sec. 200. Section 422C.4, Code 2003, is amended to
149 26 read as follows:

149 27 422C.4 ADMINISTRATION AND ENFORCEMENT.

149 28 All powers and requirements of the director of
149 29 revenue and finance to administer the state ~~gross~~
~~149 30 receipts sales~~ tax law under chapter ~~422, division IV,~~
149 31 423 are applicable to the administration of the tax
149 32 imposed under section 422C.3, including but not
149 33 limited to section 422.25, subsection 4, sections
149 34 422.30, ~~422.48 through 422.52, 422.54 through 422.58,~~
149 35 422.67, and 422.68, section 422.69, subsection 1, and
149 36 sections 422.70 through 422.75, section 423.14,
149 37 subsection 1, and sections 423.15, 423.23, 423.24,
149 38 423.25, 423.31, 423.33, 423.35 and 423.37 through
149 39 423.42, 423.45, 423.46, and 423.47. However, as an
149 40 exception to the powers specified in section ~~422.52,~~
~~149 41 subsection 1~~ 423.31, the director shall only require
149 42 the filing of quarterly reports.

149 43 Sec. 201. Section 422E.1, subsection 1, is amended
149 44 to read as follows:

149 45 1. A local sales and services tax for school
149 46 infrastructure purposes may be imposed by a county on
149 47 behalf of school districts as provided in this
149 48 chapter.

149 49 If a local sales and services tax for school
149 50 infrastructure is imposed by a county pursuant to this
150 1 chapter, a local excise tax for school infrastructure
150 2 at the same rate shall be imposed by the county on the
150 3 purchase price of natural gas, natural gas service,
150 4 electricity, or electric service subject to tax under
150 5 chapter 423, subchapter III, and not exempted from tax
150 6 by any provision of chapter 423, subchapter III. The
150 7 local excise tax for school infrastructure is
150 8 applicable only to the use of natural gas, natural gas
150 9 service, electricity, or electric service within those
150 10 incorporated and unincorporated areas of the county
150 11 where it is imposed and, except as otherwise provided
150 12 in this chapter, shall be collected and administered
150 13 in the same manner as the local sales and services tax
150 14 for school infrastructure. For purposes of this
150 15 chapter, "local sales and services tax for school
150 16 infrastructure" shall also include the local excise
150 17 tax for school infrastructure.

150 18 Sec. 202. Section 422E.3, subsections 1, 2, and 3,
150 19 Code 2003, are amended to read as follows:

150 20 1. If a majority of those voting on the question
150 21 of imposition of a local sales and services tax for
150 22 school infrastructure purposes favors imposition of
150 23 the tax, the tax shall be imposed by the county board
150 24 of supervisors within the county pursuant to section
150 25 422E.2, at the rate specified for a ten-year duration
150 26 on the ~~gross receipts sales price~~ taxed by the state
150 27 under chapter ~~422 423, division IV subchapter II~~.

150 28 2. The tax shall be imposed on the same basis as
150 29 the state sales and services tax or in the case of the
150 30 use of natural gas, natural gas service, electricity,
150 31 or electric service on the same basis as the state use
150 32 tax and shall not be imposed on the sale of any
150 33 property or on any service not taxed by the state,
150 34 except the tax shall not be imposed on the ~~gross~~
~~150 35 receipts sales price~~ from the sale of motor fuel or
150 36 special fuel as defined in chapter 452A which is
150 37 consumed for highway use or in watercraft or aircraft
150 38 if the fuel tax is paid on the transaction and a
150 39 refund has not or will not be allowed, on the ~~gross~~
~~150 40 receipts sales price~~ from the rental of rooms,
150 41 apartments, or sleeping quarters which are taxed under
150 42 chapter 422A during the period the hotel and motel tax
150 43 is imposed, on the ~~gross receipts sales price~~ from the
150 44 sale of equipment by the state department of
150 45 transportation, on the ~~gross receipts sales price~~ from
150 46 the sale of self-propelled building equipment, pile
150 47 drivers, motorized scaffolding, or attachments
150 48 customarily drawn or attached to self-propelled
150 49 building equipment, pile drivers, and motorized
150 50 scaffolding, including auxiliary attachments which
151 1 improve the performance, safety, operation, or
151 2 efficiency of the equipment, and replacement parts and
151 3 are directly and primarily used by contractors,
151 4 subcontractors, and builders for new construction,
151 5 reconstruction, alterations, expansion, or remodeling
151 6 of real property or structures, and on the ~~gross~~
~~151 7 receipts sales price~~ from the sale of a lottery ticket
151 8 or share in a lottery game conducted pursuant to
151 9 chapter 99E and except the tax shall not be imposed on
151 10 the ~~gross receipts sales price~~ from the sale or use of
151 11 natural gas, natural gas service, electricity, or
151 12 electric service in a city or county where the ~~gross~~
~~151 13 receipts sales price~~ from the sale of natural gas or
151 14 electric energy are subject to a franchise fee or user
151 15 fee during the period the franchise or user fee is
151 16 imposed.

151 17 3. The tax is applicable to transactions within
151 18 the county where it is imposed and shall be collected
151 19 by all persons required to collect state ~~gross~~
~~151 20 receipts sales~~ or local excise taxes. However, a
151 21 person required to collect state ~~retail~~ sales tax
151 22 under chapter ~~422, division IV, 423~~ is not required to
151 23 collect local sales and services tax on transactions

151 24 delivered within the area where the local sales and
151 25 services tax is imposed unless the person has physical
151 26 presence in that taxing area. The amount of the sale,
151 27 for purposes of determining the amount of the tax,
151 28 does not include the amount of any state ~~gross~~
~~151 29 receipts sales taxes~~ or excise taxes or other local
151 30 option sales or excise taxes. A tax permit other than
151 31 the state tax permit required under section ~~422.53 or~~
~~151 32 423.10 423.36~~ shall not be required by local
151 33 authorities.

151 34 Sec. 203. Section 425.30, Code 2003, is amended to
151 35 read as follows:
151 36 425.30 NOTICES.
151 37 Section ~~422.57~~ 423.39, subsection 1, shall apply to
151 38 all notices under this division.

151 39 Sec. 204. Section 425.31, Code 2003, is amended to
151 40 read as follows:
151 41 425.31 APPEALS.
151 42 Any person aggrieved by an act or decision of the
151 43 director of revenue and finance or the department of
151 44 revenue and finance under this division shall have the
151 45 same rights of appeal and review as provided in
151 46 sections 421.1 and ~~422.55~~ 423.38 and the rules of the
151 47 department of revenue and finance.

151 48 Sec. 205. Section 452A.66, unnumbered paragraph 1,
151 49 Code 2003, is amended to read as follows:
151 50 The appropriate state agency shall administer the
152 1 taxes imposed by this chapter in the same manner as
152 2 and subject to section 422.25, subsection 4 and
152 3 section ~~422.52, subsection 3~~ 423.35.

152 4 Sec. 206. Section 455B.455, Code 2003, is amended
152 5 to read as follows:
152 6 455B.455 SURCHARGE IMPOSED.
152 7 A land burial surcharge tax of two percent is
152 8 imposed on the fee for land burial of a hazardous
152 9 waste. The owner of the land burial facility shall
152 10 remit the tax collected to the director of revenue and
152 11 finance after consultation with the director according
152 12 to rules that the director shall adopt. The director
152 13 shall forward a copy of the site license to the
152 14 director of revenue and finance which shall be the
152 15 appropriate license for the collection of the land
152 16 burial surcharge tax and shall be subject to
152 17 suspension or revocation if the site license holder
152 18 fails to collect or remit the tax collected under this
152 19 section. The provisions of ~~sections~~ section 422.25,
~~152 21 422.54 to 422.58, 422.67, and 422.68, section 422.69,~~
152 22 subsection 1, and sections 422.70 to 422.75, section
~~152 23 423.14, subsection 1, and sections 423.23, 423.24,~~
~~152 24 423.25, 423.31, 423.33, 423.35, 423.37 to 423.42, and~~
~~152 25 423.47,~~ consistent with the provisions of this part 6
152 26 of division IV, shall apply with respect to the taxes
152 27 authorized under this part, in the same manner and
152 28 with the same effect as if the land burial surcharge
152 29 tax were ~~retail~~ sales taxes within the meaning of
152 30 those statutes. Notwithstanding the provisions of
152 31 this ~~paragraph~~ section, the director shall provide for
152 32 only quarterly filing of returns as prescribed in
152 33 section ~~422.51~~ 423.31. Taxes collected by the
152 34 director of revenue and finance under this section
152 35 shall be deposited in the general fund of the state.

152 36 Sec. 207. Section 455G.3, subsection 1, Code 2003,
152 37 is amended to read as follows:
152 38 1. The Iowa comprehensive petroleum underground
152 39 storage tank fund is created as a separate fund in the
152 40 state treasury, and any funds remaining in the fund at
152 41 the end of each fiscal year shall not revert to the
152 42 general fund but shall remain in the Iowa
152 43 comprehensive petroleum underground storage tank fund.
152 44 Interest or other income earned by the fund shall be
152 45 deposited in the fund. The fund shall include moneys
152 46 credited to the fund under this section, section
152 47 ~~423.24~~ 423.43, subsection 1, paragraph "a", and
152 48 sections 455G.8, 455G.9, and 455G.11, and other funds
152 49 which by law may be credited to the fund. The moneys
152 50 in the fund are appropriated to and for the purposes
153 1 of the board as provided in this chapter. Amounts in
153 2 the fund shall not be subject to appropriation for any
153 3 other purpose by the general assembly, but shall be
153 4 used only for the purposes set forth in this chapter.

153 5 The treasurer of state shall act as custodian of the
153 6 fund and disburse amounts contained in it as directed
153 7 by the board including automatic disbursements of
153 8 funds as received pursuant to the terms of bond
153 9 indentures and documents and security provisions to
153 10 trustees and custodians. The treasurer of state is
153 11 authorized to invest the funds deposited in the fund
153 12 at the direction of the board and subject to any
153 13 limitations contained in any applicable bond
153 14 proceedings. The income from such investment shall be
153 15 credited to and deposited in the fund. The fund shall
153 16 be administered by the board which shall make
153 17 expenditures from the fund consistent with the
153 18 purposes of the programs set out in this chapter
153 19 without further appropriation. The fund may be
153 20 divided into different accounts with different
153 21 depositories as determined by the board and to fulfill
153 22 the purposes of this chapter.

153 23 Sec. 208. Section 455G.6, subsection 4, Code 2003,
153 24 is amended to read as follows:

153 25 4. Grant a mortgage, lien, pledge, assignment, or
153 26 other encumbrance on one or more improvements,
153 27 revenues, asset of right, accounts, or funds
153 28 established or received in connection with the fund,
153 29 including revenues derived from the use tax under
153 30 section ~~423.24~~ 423.43, subsection 1, paragraph "a",
153 31 and deposited in the fund or an account of the fund.

153 32 Sec. 209. Section 455G.8, subsection 2, Code 2003,
153 33 is amended to read as follows:

153 34 2. USE TAX. The revenues derived from the use tax
153 35 imposed under chapter 423, subchapter III. The
153 36 proceeds of the use tax under section ~~423.24~~ 423.43,
153 37 subsection 1, paragraph "a", shall be allocated,
153 38 consistent with this chapter, among the fund's
153 39 accounts, for debt service and other fund expenses,
153 40 according to the fund budget, resolution, trust
153 41 agreement, or other instrument prepared or entered
153 42 into by the board or authority under direction of the
153 43 board.

153 44 Sec. 210. Section 455G.9, subsection 2, Code 2003,
153 45 is amended to read as follows:

153 46 2. REMEDIAL ACCOUNT FUNDING. The remedial account
153 47 shall be funded by that portion of the proceeds of the
153 48 use tax imposed under chapter 423, subchapter III, and
153 49 other moneys and revenues budgeted to the remedial
153 50 account by the board.

154 1 Sec. 211. Section 2.67, Code 2003, is repealed.

154 2 Sec. 212. CODE EDITOR DIRECTIVE. The Code editor
154 3 is directed to transfer Code chapter 423A to Code
154 4 chapter 421A and to transfer Code chapters 422A, 422B,
154 5 422C, and 422E to Code chapters 423A, 423B, 423C, and
154 6 423E, respectively. The Code editor is directed to
154 7 correct Code references as required due to the changes
154 8 made in this Act.

154 9 SALES TAX ADVISORY COUNCIL

154 10 Sec. 213. IOWA STREAMLINED SALES TAX ADVISORY
154 11 COUNCIL.

154 12 1. An Iowa streamlined sales tax advisory council
154 13 is created. The advisory council shall review, study,
154 14 and submit recommendations to the Iowa streamlined
154 15 sales and use tax delegation regarding the proposed
154 16 streamlined sales and use tax agreement formalized by
154 17 the project's implementing sales on November 12, 2002,
154 18 the proposed language conforming Iowa's sales and use
154 19 tax to the national agreement, and the following
154 20 issues:

154 21 a. Uniform definitions proposed in the current
154 22 streamlined sales and use tax agreement and future
154 23 proposals.

154 24 b. Effects upon taxability of items newly defined
154 25 in Iowa.

154 26 c. Impacts upon business as a result of the
154 27 streamlined sales and use tax.

154 28 d. Technology implementation issues.

154 29 e. Any other issues that are brought before the
154 30 streamlined sales and use tax implementing state or
154 31 the streamlined sales and use tax governing board.

154 32 2. The department shall provide administrative
154 33 support to the Iowa streamlined sales tax advisory
154 34 council. The advisory council shall be representative
154 35 of Iowa's business community and economy when

154 36 reviewing and recommending solutions to streamlined
154 37 sales and use tax issues. The advisory council shall
154 38 provide the general assembly and the governor with
154 39 final recommendations made to the Iowa streamlined
154 40 sales and use tax delegation upon the conclusion of
154 41 each calendar year.
154 42 3. The director of revenue, in consultation with
154 43 the Iowa taxpayers association and the Iowa
154 44 association of business and industry, shall appoint
154 45 members to the Iowa streamlined sales tax advisory
154 46 council, which shall consist of the following members:
154 47 a. One member from the department of revenue and
154 48 finance.
154 49 b. Three members representing small Iowa
154 50 businesses, at least one of whom must be a retailer,
155 1 and at least one of whom shall be a supplier.
155 2 c. Three members representing medium Iowa
155 3 businesses, at least one of whom shall be a retailer,
155 4 and at least one of whom shall be a supplier.
155 5 d. Three members representing large Iowa
155 6 businesses, at least one of whom shall be a retailer,
155 7 and at least one of whom shall be a supplier.
155 8 e. One member representing taxpayers as a whole.
155 9 f. One member representing the retail community as
155 10 a whole.
155 11 g. Any other member the director of revenue and
155 12 finance deems appropriate.
155 13 Sec. 214. EFFECTIVE DATE. Except for the section
155 14 creating the Iowa streamlined sales tax advisory
155 15 council, this division of this Act takes effect July
155 16 1, 2004.

155 17 DIVISION XVI

155 18 WIND ENERGY PRODUCTION TAX CREDIT

155 19 Sec. 215. NEW SECTION. 422.11H WIND ENERGY
155 20 PRODUCTION TAX CREDIT.
155 21 The taxes imposed under this division, less the
155 22 credits allowed under sections 422.12 and 422.12B,
155 23 shall be reduced by a wind energy production tax
155 24 credit allowed under chapter 476B.
155 25 Sec. 216. Section 422.33, Code 2003, is amended by
155 26 adding the following new subsection:
155 27 NEW SUBSECTION. 14. The taxes imposed under this
155 28 division shall be reduced by a wind energy production
155 29 tax credit allowed under chapter 476B.
155 30 Sec. 217. Section 422.60, Code 2003, is amended by
155 31 adding the following new subsection:
155 32 NEW SUBSECTION. 7. The taxes imposed under this
155 33 division shall be reduced by a wind energy production
155 34 tax credit allowed under chapter 476B.
155 35 Sec. 218. NEW SECTION. 432.12D WIND ENERGY
155 36 PRODUCTION TAX CREDIT.
155 37 The taxes imposed under this chapter shall be
155 38 reduced by a wind energy production tax credit allowed
155 39 under chapter 476B.
155 40 Sec. 219. NEW SECTION. 476B.1 DEFINITIONS.
155 41 For purposes of this chapter, unless the context
155 42 otherwise requires:
155 43 1. "Board" means the utilities board within the
155 44 utilities division of the department of commerce.
155 45 2. "Department" means the department of revenue
155 46 and finance.
155 47 3. "Qualified electricity" means electricity
155 48 produced from wind at a qualified facility.
155 49 4. "Qualified facility" means an electrical
155 50 production facility that meets all of the following:
156 1 a. Produces electricity from wind.
156 2 b. Is located in Iowa.
156 3 c. Was originally placed in service on or after
156 4 July 1, 2004, but before July 1, 2007.
156 5 Sec. 220. NEW SECTION. 476B.2 GENERAL RULE.
156 6 The owner of a qualified facility shall, for each
156 7 kilowatt-hour of qualified electricity that the owner
156 8 sells during the ten-year period beginning on the date
156 9 the qualified facility was originally placed in
156 10 service, be allowed a wind energy production tax
156 11 credit to the extent provided in this chapter against
156 12 the tax imposed in chapter 422, divisions II, III, and
156 13 V, and chapter 432.
156 14 Sec. 221. NEW SECTION. 476B.3 CREDIT AMOUNT.
156 15 The wind energy production tax credit allowed under
156 16 this chapter equals the product of one cent multiplied

156 17 by the number of kilowatt=hours of qualified
156 18 electricity sold by the owner during the taxable year.

156 19 Sec. 222. NEW SECTION. 476B.4 LIMITATIONS.

156 20 1. a. The wind energy production tax credit shall
156 21 not be allowed for any kilowatt-hour of electricity
156 22 produced on wind energy conversion property for which
156 23 the owner has claimed or otherwise received for that
156 24 property the benefit of special valuation under
156 25 section 427B.26 or section 441.21, subsection 8, or
156 26 the exemption from retail sales tax under section
156 27 422.45, subsection 48.

156 28 b. The disallowance of the tax credit pursuant to
156 29 paragraph "a" does not apply to an owner of a
156 30 qualified facility that owns, directly or indirectly,
156 31 in the aggregate, a total annual turbine nameplate
156 32 capacity of all such property of less than one
156 33 megawatt.

156 34 2. The wind energy production tax credit shall not
156 35 be allowed for any kilowatt-hour of electricity that
156 36 is sold to a related person. For purpose of this
156 37 subsection, persons shall be treated as related to
156 38 each other if such persons would be treated as a
156 39 single employer under the regulations prescribed under
156 40 section 52(b) of the Internal Revenue Code. In the
156 41 case of a corporation that is a member of an
156 42 affiliated group of corporations filing a consolidated
156 43 return, such corporation shall be treated as selling
156 44 electricity to an unrelated person if such electricity
156 45 is sold to such a person by another member of such
156 46 group.

156 47 Sec. 223. NEW SECTION. 476B.5 APPLICATION FOR
156 48 TAX CREDIT CERTIFICATES.

156 49 1. To receive the wind energy production tax
156 50 credit, an owner of the qualified facility must submit
157 1 an application for a tax credit certificate to the
157 2 board not later than thirty days after the close of
157 3 its taxable year. The owner's application must
157 4 contain, but need not be limited to, all of the
157 5 following information: the owner's name, tax
157 6 identification number, and address, the number of
157 7 kilowatt=hours of qualified electricity sold by the
157 8 owner during the preceding taxable year, the address
157 9 of the qualified facility at which the qualified
157 10 electricity was produced, a certified statement of the
157 11 number, if any, of kilowatt=hours of electricity
157 12 produced on wind energy conversion property for which
157 13 the owner has claimed or otherwise received for that
157 14 property the benefit of special valuation under
157 15 section 427B.26 or section 441.21, subsection 8, or
157 16 the exemption from the retail sales tax under section
157 17 422.45, subsection 48, and the denomination that each
157 18 tax credit certificate is to carry.

157 19 1A. In addition to the information required in
157 20 subsection 1, the application shall specify the amount
157 21 of property taxes imposed by the school district,
157 22 city, and county on the wind energy conversion
157 23 property payable during the owner's taxable year. The
157 24 amount of property taxes imposed by the school
157 25 district, city, and county on such property that is
157 26 payable during the owner's taxable year shall be
157 27 computed as follows:

157 28 a. If the fiscal year for which such property
157 29 taxes are imposed ends during the taxable year, divide
157 30 the property taxes imposed by the school district,
157 31 city, and county payable in that fiscal year by twelve
157 32 and multiply the resulting quotient by the number of
157 33 months of the fiscal year ending in the taxable year.

157 34 b. If the fiscal year for which such property
157 35 taxes are imposed begins, but does not end, during the
157 36 taxable year, divide the property taxes imposed by the
157 37 school district, city, and county payable in that
157 38 fiscal year by twelve and multiply the resulting
157 39 quotient by the number of months of the fiscal year
157 40 ending in the taxable year.

157 41 c. Add the amounts determined pursuant to
157 42 paragraphs "a" and "b".

157 43 The application shall also contain the name of the
157 44 school district, city or cities, and county and the
157 45 portion of the total amount of paragraph "c" that was
157 46 imposed by each jurisdiction.

157 47 2. The board shall, in conjunction with the

157 48 department, prescribe appropriate forms and
157 49 instructions to enable owners to claim the tax credit
157 50 allowed under this chapter. If the board prescribes
158 1 these forms and instructions, an owner's application
158 2 for a tax credit certificate shall not be valid unless
158 3 made on and in accordance with these forms and
158 4 instructions.

158 5 3. Within thirty days of the end of the owner's
158 6 eleventh and twelfth taxable years with respect to the
158 7 ownership of the qualified facility for which the
158 8 owner had previously received a tax credit, the owner
158 9 shall file with the board an "extra two year
158 10 information form". The form shall contain all
158 11 property tax information in subsection 1A and other
158 12 information deemed appropriate by the board or
158 13 treasurer of state for the owner's eleventh or twelfth
158 14 taxable year, as applicable.

158 15 Sec. 224. NEW SECTION. 476B.6 ISSUANCE OF TAX
158 16 CREDIT CERTIFICATES.

158 17 1. If the owner meets the criteria for eligibility
158 18 for the wind energy production tax credit, the board
158 19 shall determine the validity of the application and if
158 20 valid, shall issue one or more tax credit certificates
158 21 to the owner not later than thirty days after the
158 22 application is submitted to the board. Each tax
158 23 credit certificate must contain the owner's name,
158 24 address, and tax identification number, amount of tax
158 25 credits, and the expiration date of the tax credit
158 26 certificate, which shall be seven years from its date
158 27 of issuance and any other information required by the
158 28 department. Once issued by the board, the tax credit
158 29 certificate shall be binding on the board and the
158 30 department and shall not be modified, terminated, or
158 31 rescinded. Upon the issuance of the tax credit
158 32 certificate, the board shall forward to the treasurer
158 33 of state a copy of the information provided pursuant
158 34 to section 476B.5, subsection 1A, containing the
158 35 amount of property taxes payable during the owner's
158 36 taxable year which were levied on wind energy
158 37 conversion property for which the tax credit
158 38 certificates were issued. The board shall also
158 39 forward to the treasurer of state information provided
158 40 pursuant to section 476B.5, subsection 3, containing
158 41 the amount of property taxes payable during the
158 42 eleventh or twelfth taxable year.

158 43 2. If the tax credit application is filed by a
158 44 partnership, limited liability company, S corporation,
158 45 estate, trust, or other reporting entity all of the
158 46 income of which is taxed directly to its equity
158 47 holders or beneficiaries, the tax credit certificate
158 48 may, at the election of the owner, be issued directly
158 49 to equity holders or beneficiaries of the owner in
158 50 proportion to their pro rata share of the income of
159 1 such entity. If the owner elects to have the tax
159 2 credit certificate issued directly to its equity
159 3 holders or beneficiaries, the owner must, in the
159 4 application made under section 476B.5, identify its
159 5 equity holders or beneficiaries, and the amount of
159 6 such entity's income that is allocable to each equity
159 7 holder or beneficiary.

159 8 Sec. 225. NEW SECTION. 476B.7 TRANSFER OF TAX
159 9 CREDIT CERTIFICATES.

159 10 Wind energy production tax credit certificates
159 11 issued under this chapter may be transferred to any
159 12 person or entity. Within thirty days of transfer, the
159 13 transferee must submit the transferred tax credit
159 14 certificate to the board along with a statement
159 15 containing the transferee's name, tax identification
159 16 number, and address, and the denomination that each
159 17 replacement tax credit certificate is to carry and any
159 18 other information required by the department. Within
159 19 thirty days of receiving the transferred tax credit
159 20 certificate and the transferee's statement, the board
159 21 shall issue one or more replacement tax credit
159 22 certificates to the transferee. Each replacement
159 23 certificate must contain the information required
159 24 under section 476B.6 and must have the same expiration
159 25 date that appeared in the transferred tax credit
159 26 certificate. Tax credit certificate amounts of less
159 27 than the minimum amount established by rule of the
159 28 board shall not be transferable. A tax credit shall

159 29 not be claimed by a transferee under this chapter
159 30 until a replacement tax credit certificate identifying
159 31 the transferee as the proper holder has been issued.
159 32 The tax credit shall only be transferred once. The
159 33 transferee may use the amount of the tax credit
159 34 transferred against the taxes imposed under chapter
159 35 422, divisions II, III, and V, and chapter 432 for any
159 36 tax year the original transferor could have claimed
159 37 the tax credit. Any consideration received for the
159 38 transfer of the tax credit shall not be included as
159 39 income under chapter 422, divisions II, III, and V.
159 40 Any consideration paid for the transfer of the tax
159 41 credit shall not be deducted from income under chapter
159 42 422, divisions II, III, and V.

159 43 Sec. 226. NEW SECTION. 476B.8 USE OF TAX CREDIT
159 44 CERTIFICATES.

159 45 To claim a wind energy production tax credit under
159 46 this chapter, a taxpayer must attach one or more tax
159 47 credit certificates to the taxpayer's tax return. A
159 48 tax credit certificate shall not be used or attached
159 49 to a return filed prior to July 1, 2005. The tax
159 50 credit certificate or certificates attached to the
160 1 taxpayer's tax return shall be issued in the
160 2 taxpayer's name, expire on or after the last day of
160 3 the taxable year for which the taxpayer is claiming
160 4 the tax credit, and show a tax credit amount equal to
160 5 or greater than the tax credit claimed on the
160 6 taxpayer's tax return. Any tax credit in excess of
160 7 the taxpayer's tax liability for the taxable year may
160 8 be credited to the taxpayer's tax liability for the
160 9 following seven taxable years or until depleted,
160 10 whichever is the earlier.

160 11 Sec. 227. NEW SECTION. 476B.9 REGISTRATION OF
160 12 TAX CREDIT CERTIFICATES.

160 13 The board shall, in conjunction with the
160 14 department, develop a system for the registration of
160 15 the wind energy production tax credit certificates
160 16 issued or transferred under this chapter and a system
160 17 that permits verification that any tax credit claimed
160 18 on a tax return is valid and that transfers of the tax
160 19 credit certificates are made in accordance with the
160 20 requirements of this chapter. The tax credit
160 21 certificates issued under this chapter shall not be
160 22 classified as a security pursuant to chapter 502.

160 23 Sec. 228. NEW SECTION. 476B.10 PAYMENT TO STATE
160 24 OF PROPERTY TAXES COLLECTED.

160 25 1. a. By March 15 and September 15 of each year,
160 26 the treasurer of state shall notify each school
160 27 district, city, and county of the amount of property
160 28 taxes imposed by the jurisdiction on wind energy
160 29 conversion property for which tax credit certificates
160 30 have been issued under this chapter. The amount of
160 31 property taxes contained on the notice to the school
160 32 district, city, or county shall equal the amounts
160 33 received by the treasurer of state from the board
160 34 since the treasurer of state last sent out notices
160 35 pursuant to this subsection. The sending of a notice
160 36 shall constitute a demand for the payment of an amount
160 37 equal to the property taxes imposed on the wind energy
160 38 conversion property as specified in the notice.

160 39 b. In addition to the amount of property taxes
160 40 referred to in paragraph "a", the treasurer of state
160 41 shall notify each school district, city, and county of
160 42 the property taxes imposed on wind energy conversion
160 43 property for the owner's eleventh or twelfth taxable
160 44 year as specified pursuant to section 476B.5,
160 45 subsection 3.

160 46 2. A school district, city, or county to which a
160 47 notice under subsection 1 is sent shall remit to the
160 48 treasurer of state the amount of property taxes
160 49 imposed in the wind energy conversion property
160 50 specified in the notice by the end of the third month
161 1 following the month in which the notice is sent.
161 2 Interest for late payment shall be assessed at the
161 3 rate specified in section 421.7 for each month,
161 4 counting a part of a month a whole month, after the
161 5 due date. Failure of the school district, city, or
161 6 county to receive the notice is not a defense to the
161 7 payment of the amount specified in the notice or for
161 8 any interest for late payment.

161 9 3. A school district, city, or county that remits

161 10 payments to the treasurer of state pursuant to
161 11 subsection 2 in a fiscal year may adjust its budget or
161 12 certified budget, notwithstanding any provision of
161 13 law, to compensate for such payments.
161 14 Sec. 229. EFFECTIVE AND APPLICABILITY DATES.
161 15 1. Except for subsection 2, this division of this
161 16 Act applies to tax years beginning on or after January
161 17 1, 2004.
161 18 2. The section of this division of this Act
161 19 enacting new Code section 476B.10, takes effect
161 20 January 1, 2005.
161 21 DIVISION XVII
161 22 EFFECTIVE DATE
161 23 Sec. 230. EFFECTIVE DATE. Unless otherwise
161 24 provided in this Act, this Act takes effect July 1,
161 25 2003.>
161 26 #____. Title page, by striking lines 1 through 15
161 27 and inserting the following: <An Act relating to
161 28 economic development, financial, taxation, and
161 29 regulatory matters, making and revising
161 30 appropriations, modifying penalties, providing a fee,
161 31 and including effective, applicability, and
161 32 retroactive applicability provisions.>>
161 33
161 34
161 35
161 36 NEAL SCHUERER
161 37 HF 683.316 80
161 38 tm/cf