

Senate File 631

S-3256

1 Amend Senate File 631 as follows:

2 1. By striking everything after the enacting clause and
3 inserting:

4 <DIVISION I

5 INCOME TAX

6 Section 1. Section 422.4, subsection 16, paragraph e,
7 unnumbered paragraph 1, Code 2019, is amended to read as
8 follows:

9 Add back the following percentage of the qualified business
10 ~~income deduction~~ deductions under ~~section 199A~~ sections 199A(a)
11 and 199A(g) of the Internal Revenue Code taken and allowable in
12 calculating federal taxable income for the applicable tax year:

13 Sec. 2. Section 422.9, subsection 2A, paragraph a,
14 unnumbered paragraph 1, Code 2019, is amended to read as
15 follows:

16 The following percentage of the qualified business income
17 ~~deduction~~ deductions under ~~section 199A~~ sections 199A(a) and
18 199A(g) of the Internal Revenue Code taken and allowable in
19 calculating federal taxable income for the applicable tax year:

20 Sec. 3. Section 422.9, subsection 2A, paragraph b, Code
21 2019, is amended to read as follows:

22 *b.* Notwithstanding paragraph "a", and section 422.4,
23 subsection 16, paragraph "e", for an entity electing or
24 required to file a composite return under section 422.13,
25 subsection 5, the deduction allowed under **this subsection** for
26 purposes of the composite return shall be an amount equal to
27 the applicable percentage described in paragraph "a" of the
28 ~~deduction~~ deductions that would be allowable for federal income
29 tax purposes under ~~section 199A~~ sections 199A(a) and 199A(g) of
30 the Internal Revenue Code by an individual taxpayer reporting
31 the same items of income and loss that are included in the
32 composite return.

33 Sec. 4. Section 422.11S, subsection 7, paragraph b, Code
34 2019, is amended to read as follows:

35 *b.* The department shall authorize a school tuition

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1 organization to issue tax credit certificates for contributions
2 made to the school tuition organization. The aggregate amount
3 of tax credit certificates that the department shall authorize
4 for a school tuition organization for a ~~tax~~ calendar year shall
5 be determined for that organization pursuant to subsection 8.
6 However, a school tuition organization shall not be authorized
7 to issue tax credit certificates unless the organization is
8 controlled by a board of directors consisting of at least
9 seven members. The names and addresses of the members shall
10 be provided to the department and shall be made available
11 by the department to the public, notwithstanding any state
12 confidentiality restrictions.

13 Sec. 5. Section 422.11S, subsection 8, paragraph a,
14 subparagraph (2), Code 2019, is amended to read as follows:

15 (2) "*Total approved tax credits*" means for the ~~tax year~~
16 ~~beginning in the~~ 2006 calendar year, two million five hundred
17 thousand dollars, for the ~~tax year beginning in the~~ 2007
18 calendar year, five million dollars, for ~~tax~~ calendar years
19 beginning on or after January 1, 2008, but before January 1,
20 2012, seven million five hundred thousand dollars, for ~~tax~~
21 calendar years beginning on or after January 1, 2012, but
22 before January 1, 2014, eight million seven hundred fifty
23 thousand dollars, ~~and~~ for ~~tax~~ calendar years beginning on or
24 after January 1, 2014, but before January 1, 2019, twelve
25 million dollars, and for ~~tax~~ calendar years beginning on or
26 after January 1, 2019, thirteen million dollars.

27 Sec. 6. Section 422.11S, subsection 8, paragraph b,
28 unnumbered paragraph 1, Code 2019, is amended to read as
29 follows:

30 Each year by December 1, the department shall authorize
31 school tuition organizations to issue tax credit certificates
32 for the following ~~tax~~ calendar year. However, for the ~~tax year~~
33 ~~beginning in the~~ 2006 calendar year only, the department, by
34 September 1, 2006, shall authorize school tuition organizations
35 to issue tax credit certificates for the 2006 calendar ~~tax~~

1 year. For the ~~tax year beginning in the~~ 2006 calendar year
2 only, each school served by a school tuition organization shall
3 submit a participation form to the department by August 1,
4 2006, providing the certified enrollment as of the third Friday
5 of September 2005, along with the school tuition organization
6 that represents the school. Tax credit certificates available
7 for issue by each school tuition organization shall be
8 determined in the following manner:

9 Sec. 7. Section 422.11S, subsection 9, unnumbered paragraph
10 1, Code 2019, is amended to read as follows:

11 A school tuition organization that receives a voluntary cash
12 or noncash contribution pursuant to [this section](#) shall report
13 to the department, on a form prescribed by the department,
14 by January 12 of each ~~tax~~ calendar year all of the following
15 information:

16 Sec. 8. Section 422.11S, subsection 9, paragraphs b and c,
17 Code 2019, are amended to read as follows:

18 **b.** The total number and dollar value of contributions
19 received and the total number and dollar value of the tax
20 credits approved during the previous ~~tax~~ calendar year.

21 **c.** A list of the individual donors for the previous ~~tax~~
22 calendar year that includes the dollar value of each donation
23 and the dollar value of each approved tax credit.

24 Sec. 9. Section 422.12C, subsection 4, Code 2019, is amended
25 to read as follows:

26 4. Married taxpayers who have filed joint federal returns
27 electing to file separate returns or to file separately on a
28 combined return form must determine the child and dependent
29 care credit under [subsection 1](#) or the early childhood
30 development tax credit under [subsection 2](#) based upon their
31 combined net income and allocate the total credit amount to
32 each spouse in the proportion that each spouse's respective net
33 income bears to the total combined net income. Nonresidents or
34 part-year residents of Iowa must determine their Iowa child and
35 dependent care credit under subsection 1 or the early childhood

1 development tax credit under subsection 2 in the ratio of
2 their Iowa source net income to their all source net income.
3 Nonresidents or part-year residents who are married and elect
4 to file separate returns or to file separately on a combined
5 return form must allocate the Iowa child and dependent care
6 credit under subsection 1 or the early childhood development
7 tax credit under subsection 2 between the spouses in the ratio
8 of each spouse's Iowa source net income to the combined Iowa
9 source net income of the taxpayers.

10 Sec. 10. Section 422.60, subsection 2, paragraph b, Code
11 2019, is amended by adding the following new subparagraph:

12 NEW SUBPARAGRAPH. (6) For purposes of this paragraph,
13 "*Internal Revenue Code*" means the Internal Revenue Code of
14 1954, prior to the date of its redesignation as the Internal
15 Revenue Code of 1986 by the Tax Reform Act of 1986, or means
16 the Internal Revenue Code of 1986 as amended and in effect on
17 December 21, 2017. This definition shall not be construed to
18 include any amendment to the Internal Revenue Code enacted
19 after the date specified in the preceding sentence, including
20 any amendment with retroactive applicability or effectiveness.

21 Sec. 11. LIKE-KIND EXCHANGES OF PERSONAL PROPERTY
22 UNDER CORPORATE INCOME TAX AND FRANCHISE TAX FOR TAX YEAR
23 2019. Notwithstanding any other provision of law to the
24 contrary, all of the following shall apply when computing net
25 income for purposes of the corporation income tax or franchise
26 tax under section 422.35 for tax years beginning during the
27 2019 calendar year:

28 1. The rules for nonrecognition of gain or loss from
29 exchanges of real property held for productive use or
30 investment and not held primarily for sale, as provided in
31 section 1031 of the Internal Revenue Code, as amended up to and
32 including March 24, 2018, apply for state income tax purposes
33 with regard to exchanges of real property.

34 2. The rules for nonrecognition of gain or loss from
35 exchanges of property other than real property held for

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1 productive use or investment as provided in section 1031 of the
2 Internal Revenue Code, as amended up to and including December
3 21, 2017, apply for state income tax purposes, notwithstanding
4 any other provision of law to the contrary. If the taxpayer's
5 federal taxable income includes gain or loss from property,
6 other than real property described in subsection 1, and the
7 taxpayer elects to have this subsection apply, the following
8 adjustments shall be made:

9 a. (1) Subtract the total amount of gain related to the
10 sale or exchange of the property as properly reported for
11 federal tax purposes under the Internal Revenue Code.

12 (2) Add back any gain related to the sale or exchange of the
13 property to the extent such gain does not qualify for deferral
14 under section 1031 of the Internal Revenue Code, as amended
15 up to and including December 21, 2017, which gain shall be
16 calculated using the taxpayer's adjusted basis in the property
17 for state tax purposes.

18 b. (1) Add the total amount of loss related to the sale or
19 exchange of the property as properly reported for federal tax
20 purposes under the Internal Revenue Code.

21 (2) Subtract any loss related to the sale or exchange of the
22 property to the extent such loss does not qualify for deferral
23 under section 1031 of the Internal Revenue Code, as amended
24 up to and including December 21, 2017, which loss shall be
25 calculated using the taxpayer's adjusted basis in the property
26 for state tax purposes.

27 c. Any other adjustments to gains, losses, deductions, or
28 tax basis for the property given up or received in the sale or
29 exchange pursuant to rules adopted by the director.

30 Sec. 12. REFUNDS — EARLY CHILDHOOD DEVELOPMENT TAX
31 CREDIT. Notwithstanding any provision of law to the contrary,
32 for tax years beginning prior to January 1, 2019, refunds of
33 the early childhood development tax credit provided in section
34 422.12C, subsection 2, requested on or after the effective
35 date of the provision of this division of this Act amending

1 section 422.12C, subsection 4, shall not exceed the amount
2 allowed under section 422.12C, subsection 4, as amended by this
3 division of this Act.

4 Sec. 13. LEGISLATIVE INTENT. It is the intent of the
5 general assembly that the provisions of this division of
6 this Act amending section 422.11S are conforming amendments
7 consistent with current state law, and that the amendments do
8 not change the application of current law but instead reflect
9 current law both before and after the enactment of this Act.

10 Sec. 14. EFFECTIVE DATE. The following, being deemed of
11 immediate importance, take effect upon enactment:

12 1. The section of this division of this Act amending section
13 422.12C, subsection 4.

14 2. The section of this division of this Act relating to
15 refunds for the early childhood development tax credit.

16 3. The section of this division of this Act relating to
17 like-kind exchanges of personal property under corporate income
18 tax and franchise tax.

19 Sec. 15. RETROACTIVE APPLICABILITY. The following apply
20 retroactively to January 1, 2019, for tax years beginning on
21 or after that date:

22 1. The section of this division of this Act amending section
23 422.4, subsection 16, paragraph "e", unnumbered paragraph 1.

24 2. The sections of this division of this Act amending
25 section 422.9, subsection 2A.

26 3. The section of this division of this Act amending section
27 422.12C, subsection 4.

28 4. The section of this division of this Act amending section
29 422.60, subsection 2, paragraph "b".

30 Sec. 16. RETROACTIVE APPLICABILITY — LIKE-KIND EXCHANGES
31 OF PERSONAL PROPERTY. The section of this division of this
32 Act relating to like-kind exchanges of personal property under
33 corporate income tax and franchise tax applies retroactively to
34 January 1, 2019, for tax years beginning on or after that date,
35 but before January 1, 2020.

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DIVISION II

ADMINISTRATIVE PROVISIONS

Sec. 17. Section 422.20, Code 2019, is amended by adding the following new subsection:

NEW SUBSECTION. 5. The department may permit, by rule, the disclosure of state tax information to a person a taxpayer has authorized to receive such state tax information, in the manner prescribed by the department.

Sec. 18. Section 422.72, Code 2019, is amended by adding the following new subsection:

NEW SUBSECTION. 8. The department may permit, by rule, the disclosure of state tax information to a person a taxpayer has authorized to receive such state tax information, in the manner prescribed by the department.

DIVISION III

SALES AND USE TAX

Sec. 19. Section 423.1, subsection 2, paragraphs b and c, Code 2019, are amended to read as follows:

b. Is directly, indirectly, or constructively controlled by another entity person.

c. Is subject to the control of a common entity person. A common entity person is ~~one which~~ a person who owns directly or individually indirectly more than ten percent of the voting securities of the entity.

Sec. 20. Section 423.2, subsection 1, paragraph a, subparagraph (5), subparagraph division (a), Code 2019, is amended to read as follows:

(a) If a service or warranty contract does not specify a fee amount for nontaxable services or taxable personal property, the tax imposed pursuant to **this section** shall be imposed upon an amount equal to ~~one-half of~~ the sales price of the contract.

Sec. 21. Section 423.2, subsection 6, paragraph k, Code 2019, is amended to read as follows:

k. Carpentry repair and installation.

Sec. 22. Section 423.3, Code 2019, is amended by adding the

1 following new subsection:

2 NEW SUBSECTION. 16A. a. The sales price from the sale of
3 a grain bin, including material or replacement parts used to
4 construct or repair a grain bin.

5 b. For purposes of this subsection, "grain bin" means
6 property that is vented and covered with corrugated metal or
7 similar material, and that is primarily used to hold loose
8 grain for drying or storage.

9 Sec. 23. Section 423.3, subsection 47, paragraph c,
10 subparagraph (3), Code 2019, is amended by striking the
11 subparagraph and inserting in lieu thereof the following:

12 (3) The following within the scope of section 427A.1,
13 subsection 1, paragraphs "h" and "i":

14 (a) Computers.

15 (b) Machinery.

16 (c) Equipment, including pollution control equipment.

17 (d) Replacement parts.

18 (e) Supplies.

19 (f) Materials used to construct or self-construct the
20 following:

21 (i) Computers.

22 (ii) Machinery.

23 (iii) Equipment, including pollution control equipment.

24 (iv) Replacement parts.

25 (v) Supplies.

26 Sec. 24. Section 423.3, subsection 104, paragraph a, Code
27 2019, is amended to read as follows:

28 a. The sales price of specified digital products and of
29 prewritten computer software sold, and of enumerated services
30 described in section 423.2, subsection 1, paragraph "a",
31 subparagraph (5), or section 423.2, subsection 6, paragraphs
32 "bq", "br", "bs", and "bu" furnished, to a commercial enterprise
33 for use exclusively by the commercial enterprise. The use of
34 prewritten computer software, a specified digital product, or
35 service fails to qualify as a use exclusively by the commercial

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1 enterprise if its use for noncommercial purposes is more than
2 de minimis.

3 Sec. 25. Section 423.14A, subsection 3, paragraph b, Code
4 2019, is amended by striking the paragraph.

5 Sec. 26. Section 423.14A, subsection 3, paragraph d,
6 subparagraph (1), Code 2019, is amended to read as follows:

7 (1) A marketplace facilitator that makes or facilitates
8 Iowa sales on its own behalf or for one or more marketplace
9 sellers equal to or exceeding one hundred thousand dollars,
10 ~~or in two hundred or more separate transactions,~~ for an
11 immediately preceding calendar year or a current calendar year.

12 Sec. 27. Section 423.14A, subsection 3, paragraph e,
13 subparagraph (1), unnumbered paragraph 1, Code 2019, is amended
14 to read as follows:

15 A referrer if, for any immediately preceding calendar year
16 or a current calendar year, one hundred thousand dollars or
17 more in Iowa sales ~~or two hundred or more separate Iowa sales~~
18 ~~transactions~~ result from referrals from a platform of the
19 referrer. A referrer is not required to collect and remit
20 sales and use tax pursuant to this paragraph if the referrer
21 does all of the following:

22 Sec. 28. Section 423.14A, subsection 3, paragraph e,
23 subparagraph (1), subparagraph division (c), unnumbered
24 paragraph 1, Code 2019, is amended to read as follows:

25 The referrer provides the department with monthly annual
26 reports in an electronic format and in the manner prescribed
27 by the department, which monthly annual reports contain all of
28 the following:

29 Sec. 29. Section 423.14A, subsection 3, paragraph e, Code
30 2019, is amended by adding the following new subparagraph:

31 NEW SUBPARAGRAPH. (5) This paragraph is subject to
32 implementation by the department by rule and shall not require
33 a referrer to collect tax or comply with the notice and
34 reporting requirements and other provisions of this paragraph
35 unless and until such administrative rules take effect.

1 Sec. 30. Section 423.48, subsection 2, paragraph c, Code
2 2019, is amended by striking the paragraph.

3 Sec. 31. TAXATION AND EXEMPTION OF COMPUTERS TASK FORCE. A
4 taxation and exemption of computers task force is created. The
5 department of revenue shall initiate and coordinate the task
6 force and provide staff assistance. It is the intent of the
7 general assembly that the task force include representatives of
8 the department of revenue; a commercial enterprise that claims
9 an exemption for computers under section 423.3, subsection
10 47; an association that represents manufacturers and other
11 industrial producers; and an association that represents
12 business tax issues. The director of revenue or the director's
13 designee shall serve as chairperson of the task force.

14 The task force shall be charged with reviewing the
15 definition of "computer" as used throughout the portions of the
16 Iowa Code and the Iowa Administrative Code administered by the
17 department of revenue including the exemption for computers
18 provided in section 423.3, subsection 47, paragraph "a",
19 subparagraph (4). If the task force recommends modifications
20 to the current definition of "computer" including the exemption
21 for computers provided in section 423.3, subsection 47,
22 paragraph "a", subparagraph (4), the department of revenue
23 shall provide any recommendations to the general assembly by
24 January 1, 2020.

25 Sec. 32. EFFECTIVE DATE. The following, being deemed of
26 immediate importance, take effect upon enactment:

27 1. The section of this division of this Act amending section
28 423.1, subsection 2, paragraphs "b" and "c".

29 2. The section of this division of this Act amending section
30 423.3, subsection 47, paragraph "c", subparagraph (3).

31 Sec. 33. RETROACTIVE APPLICABILITY. The following applies
32 retroactively to January 1, 2019, for tax years beginning on
33 or after that date:

34 The section of this division of this Act amending section
35 423.1, subsection 2, paragraphs "b" and "c".

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1 Sec. 34. RETROACTIVE APPLICABILITY. The following applies
2 retroactively to January 1, 2016, for tax years beginning on
3 or after that date:

4 The section of this division of this Act amending section
5 423.3, subsection 47, paragraph "c", subparagraph (3).

6 DIVISION IV

7 AUTOMOBILE RENTAL EXCISE TAX

8 Sec. 35. Section 423.14A, subsection 1, paragraph b,
9 subparagraph (3), Code 2019, is amended to read as follows:

10 (3) A ~~"rental platform", as defined in section 423C.2,~~ that
11 ~~meets the requirements described in~~ person who is not required
12 to collect and remit automobile rental excise tax pursuant to
13 section 423C.3, subsection 3, paragraph "e", subparagraph (2),
14 shall not be considered a "marketplace facilitator" with respect
15 to any sale of a transportation service under section 423.2,
16 subsection 6, paragraph "bf", or section 423.5, subsection 1,
17 paragraph "e", consisting of the rental of vehicles subject
18 to registration which are registered for a gross weight of
19 thirteen tons or less for a period of sixty days or less.

20 Sec. 36. Section 423C.2, subsection 3, paragraphs a and b,
21 Code 2019, are amended to read as follows:

22 a. A person or any affiliate of a person that owns or
23 controls an automobile and makes the automobile available for
24 rent through the person or any affiliate, or through a ~~rental~~
25 ~~platform or rental facilitator~~ any other person.

26 b. A person or any affiliate of a person who possesses or
27 acquires a right or interest in any automobile with an intent
28 to rent the automobile to another person, or through the person
29 ~~or any affiliate, or through a rental platform or a rental~~
30 ~~facilitator~~ any other person.

31 Sec. 37. Section 423C.2, subsection 6, Code 2019, is amended
32 to read as follows:

33 6. "Facilitation fee" means any consideration, by whatever
34 name called, that a ~~rental facilitator or a rental platform~~
35 person charges to a user for facilitating the user's rental

1 of an automobile. *Facilitation fee* does not include any
2 commission an automobile provider pays to a ~~rental facilitator~~
3 ~~or a rental platform~~ person for facilitating the rental of an
4 automobile.

5 Sec. 38. Section 423C.2, Code 2019, is amended by adding the
6 following new subsection:

7 NEW SUBSECTION. 6A. *Host* means the registered owner of an
8 automobile made available for sharing through a peer-to-peer
9 automobile sharing marketplace.

10 Sec. 39. Section 423C.2, subsections 9 and 10, Code 2019,
11 are amended by striking the subsections.

12 Sec. 40. Section 423C.2, subsection 11, Code 2019, is
13 amended to read as follows:

14 11. *Rental price* means ~~all consideration charged for~~
15 ~~the renting and facilitation of renting of an automobile~~
16 ~~before taxes, including but not limited to facilitation fees,~~
17 ~~reservation fees, services fees, nonrefundable deposits, and~~
18 ~~any other direct or indirect charge made or consideration~~
19 ~~provided in connection with the renting or facilitation of~~
20 ~~renting of an automobile~~ the same as *sales price* as defined
21 in section 423.1, which term includes but is not limited
22 to facilitation fees, reservation fees, services fees,
23 nonrefundable deposits, and any other direct or indirect charge
24 made or consideration provided in connection with the renting
25 or facilitation of renting an automobile.

26 Sec. 41. Section 423C.3, Code 2019, is amended to read as
27 follows:

28 **423C.3 Tax on rental of automobiles — collection and**
29 **remittance of tax.**

30 1. ~~For purposes of this section:~~

31 a. ~~*Discount rental charge* means the amount an automobile~~
32 ~~provider charges to a rental facilitator for the rental of an~~
33 ~~automobile, excluding any applicable tax.~~

34 b. ~~*Travel package* means an automobile rental bundled~~
35 ~~with one or more separate components such as lodging, air~~

1 ~~transportation, or similar items and charged for a single~~
2 ~~retail price.~~

3 ~~2.~~ 1. A tax of five percent is imposed upon the rental
4 price of an automobile if the rental transaction is subject to
5 the sales and services tax under [chapter 423, subchapter II](#), or
6 the use tax under [chapter 423, subchapter III](#). The tax shall
7 not be imposed on any rental transaction not taxable under the
8 state sales and services tax, as provided in [section 423.3](#), or
9 the state use tax, as provided in [section 423.6](#), on automobile
10 rental receipts.

11 ~~3.~~ 2. ~~This subsection shall govern the collection and~~
12 ~~remittance of the tax imposed under subsection 2~~ The tax
13 imposed under subsection 1 shall be collected and remitted to
14 the department by all persons required to collect state sales
15 and use tax on the rental transaction under chapter 423.

16 ~~a.~~ ~~Unless otherwise provided in this subsection, the~~
17 ~~automobile provider shall collect the tax by adding the tax to~~
18 ~~the rental price of the automobile and the tax, when collected,~~
19 ~~shall be stated as a distinct item separate and apart from~~
20 ~~the rental price of the automobile and the sales and services~~
21 ~~tax imposed under [chapter 423, subchapter II](#), or the use tax~~
22 ~~imposed under [chapter 423, subchapter III](#).~~

23 ~~b.~~ If a transaction for the rental of an automobile involves
24 a rental facilitator, all of the following shall occur in the
25 order prescribed:

26 ~~(1) The rental facilitator shall collect the tax on any~~
27 ~~rental price that the user pays to the rental facilitator in~~
28 ~~the same manner as an automobile provider under paragraph "a".~~

29 ~~(2) (a) Unless otherwise required by rule or order of~~
30 ~~the department, the rental facilitator shall remit to the~~
31 ~~automobile provider that portion of the tax collected on the~~
32 ~~rental price that represents the discount rental charge.~~

33 ~~(b) No assessment shall be made against a rental facilitator~~
34 ~~for tax due on a discount rental charge if the rental~~
35 ~~facilitator collected the tax and remitted it to an automobile~~

1 ~~provider that has a valid tax permit required under this~~
2 ~~chapter or under [chapter 423](#). This subparagraph division shall~~
3 ~~not apply if the rental facilitator and automobile provider~~
4 ~~are affiliates, or if the department requires the rental~~
5 ~~facilitator to remit taxes collected on that portion of the~~
6 ~~sales price that represents the discount rental charge directly~~
7 ~~to the department.~~

8 ~~(3) The rental facilitator shall remit any remaining tax it~~
9 ~~collected to the department.~~

10 ~~(4) (a) The automobile provider shall collect and remit~~
11 ~~to the department any taxes the rental facilitator remitted to~~
12 ~~the automobile provider, and shall collect and remit to the~~
13 ~~department any taxes due on any amount of rental price the user~~
14 ~~paid to the automobile provider.~~

15 ~~(b) No assessment shall be made against an automobile~~
16 ~~provider for any tax due on a discount rental charge that~~
17 ~~was not remitted to the automobile provider by a rental~~
18 ~~facilitator. This subparagraph division shall not apply if the~~
19 ~~automobile provider and the rental facilitator are affiliates.~~

20 ~~(5) Notwithstanding any other provision of this paragraph~~
21 ~~to the contrary, if a rental facilitator and its affiliates~~
22 ~~facilitate total rentals under [this chapter](#) and chapter~~
23 ~~423A that are equal to or less than an aggregate amount of~~
24 ~~rental price and sales price of ten thousand dollars for an~~
25 ~~immediately preceding calendar year or a current calendar year,~~
26 ~~or in ten or fewer separate transactions for an immediately~~
27 ~~preceding calendar year or a current calendar year, the~~
28 ~~rental facilitator shall not be required to collect tax on the~~
29 ~~amount of sales price that represents the rental facilitator's~~
30 ~~facilitation fee.~~

31 ~~c. (1) If a transaction for the rental of an automobile~~
32 ~~involves a rental platform, other than a rental platform~~
33 ~~described in subparagraph (2), the rental platform shall~~
34 ~~collect and remit the tax imposed under [this chapter](#) in the~~
35 ~~same manner as an automobile provider under paragraph "a".~~

1 ~~(2)~~ 3. A rental platform person is not required to collect
2 and remit the tax imposed under this chapter ~~in the same manner~~
3 ~~as an automobile provider under paragraph "a"~~ if the rental
4 platform person meets all of the following requirements:

5 a. The person or any affiliate of the person is not an
6 automobile provider.

7 b. The person or any affiliate of the person facilitates
8 the renting or sharing of an automobile by doing all of the
9 following:

10 (1) The person owns, operates, or controls a peer-to-peer
11 automobile sharing marketplace that allows a host or an
12 automobile provider who is not an affiliate of the person
13 to offer or list an automobile for sharing or rent on the
14 marketplace. For purposes of this paragraph, it is immaterial
15 whether or not the automobile provider has a tax permit under
16 this chapter or chapter 423 or whether the automobile is owned
17 by a natural person or by a business entity.

18 (2) The person or affiliate of the person collects or
19 processes the rental price charged to the user.

20 ~~(a)~~ c. The only sales the rental platform person and
21 ~~its~~ affiliates of the person facilitate that are subject to
22 tax under chapter 423 are sales of a transportation service
23 under section 423.2, subsection 6, paragraph "bf", or section
24 423.5, subsection 1, paragraph "e", consisting of the rental
25 of vehicles subject to registration which are registered for
26 a gross weight of thirteen tons or less for a period of sixty
27 days or less.

28 ~~(b) The rental platform operates a peer to peer automobile~~
29 ~~sharing marketplace.~~

30 ~~(3)~~ 4. For any rental transaction for which ~~the rental~~
31 platform a person is required to or elects to collect and
32 remit the tax under this chapter, the rental platform person
33 shall also be liable for the collection and remittance of any
34 sales or use tax due on that transaction under section 423.2,
35 subsection 6, paragraph "bf", or section 423.5, subsection

1 1, paragraph "e", notwithstanding any other provision to the
2 contrary in [chapter 423](#).

3 ~~(4)~~ 5. For any rental transaction for which the ~~rental~~
4 ~~platform~~ person is not required to collect and remit the
5 tax under [this chapter](#) as provided under ~~subparagraph (2)~~
6 subsection 3, the automobile provider shall be solely liable
7 for any amount of uncollected or unremitted tax under this
8 chapter and chapter 423.

9 DIVISION V

10 TELEPHONE COMPANY PROPERTY

11 Sec. 42. NEW SECTION. 433.4A Competitive long distance
12 telephone company property.

13 For assessment years beginning before January 1, 2022,
14 the director of revenue shall assess the property of a long
15 distance telephone company, as defined in section 476.1D,
16 subsection 10, Code 2018, previously classified by the
17 utilities board as a competitive long distance telephone
18 company under section 476.1D, subsection 10, Code 2018, which
19 property is first assessed for taxation in this state on or
20 after January 1, 1996, in the same manner as all other property
21 assessed as commercial property by the local assessor under
22 chapters 427, 427A, 427B, 428, and 441.

23 Sec. 43. EFFECTIVE DATE. This division of this Act, being
24 deemed of immediate importance, takes effect upon enactment.

25 Sec. 44. RETROACTIVE APPLICABILITY. This division of this
26 Act applies retroactively to July 1, 2018.

27 DIVISION VI

28 TARGETED JOBS WITHHOLDING CREDIT

29 Sec. 45. Section 403.19A, subsection 3, paragraph c,
30 subparagraph (2), Code 2019, is amended to read as follows:

31 (2) The pilot project city and the economic development
32 authority shall not enter into a withholding agreement after
33 June 30, ~~2019~~ 2021.

34 DIVISION VII

35 SCHOOL TUITION ORGANIZATION TAX CREDITS

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(amending this SF 631 to CONFORM to HF 779)

1 Sec. 46. Section 422.11S, subsection 8, paragraph a,
2 subparagraph (2), Code 2019, is amended to read as follows:

3 (2) *“Total approved tax credits”* means for the tax year
4 beginning in the 2006 calendar year, two million five hundred
5 thousand dollars, for the tax year beginning in the 2007
6 calendar year, five million dollars, for tax years beginning
7 on or after January 1, 2008, but before January 1, 2012, seven
8 million five hundred thousand dollars, for tax years beginning
9 on or after January 1, 2012, but before January 1, 2014, eight
10 million seven hundred fifty thousand dollars, ~~and~~ for tax years
11 beginning on or after January 1, 2014, but before January 1,
12 2019, twelve million dollars, ~~and~~ for tax years beginning on
13 or after January 1, 2019, but before January 1, 2020, thirteen
14 million dollars, and for tax years beginning on or after
15 January 1, 2020, fifteen million dollars.

16 Sec. 47. CONTINGENT CODE EDITOR DIRECTIVE. The Code editor
17 is directed to harmonize the section of this division of this
18 Act amending section 422.11S with the other division of this
19 Act amending section 422.11S, if enacted, by changing tax year
20 to calendar year where appropriate and to make other related
21 changes, if necessary, to effectuate such changes.

22 DIVISION VIII

23 INCOME TAX CHECKOFFS

24 Sec. 48. Section 173.22, subsection 2, Code 2019, is amended
25 to read as follows:

26 2. A foundation fund is created within the state treasury
27 composed of moneys appropriated or available to and obtained or
28 accepted by the foundation. The foundation fund shall include
29 moneys credited to the fund as provided in section ~~422.12D~~
30 422.12I.

31 Sec. 49. Section 422.12E, Code 2019, is amended to read as
32 follows:

33 **422.12E Income tax return checkoffs limited.**

34 1. ~~For tax years beginning on or after January 1, 2019,~~
35 ~~there~~ There shall be allowed no more than four income tax

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(amending this SF 631 to CONFORM to HF 779)

1 return checkoffs on each income tax return. For tax years
2 beginning on or after January 1, 2017, when the same four
3 income tax return checkoffs have been provided on the income
4 tax return for two consecutive tax years, the two checkoffs for
5 which the least amount has been contributed, in the aggregate
6 for the first tax year and through March 15 after the end of the
7 second tax year, are repealed on December 31 after the end of
8 the second tax year and shall be removed from the return form.

9 2. If more checkoffs are enacted in the same session of
10 the general assembly than there is space for inclusion on the
11 individual tax return form, the checkoffs with the earliest
12 enacted checkoffs date of enactment as determined pursuant
13 to section 3.7 for which there is space for inclusion on the
14 return form shall be included on the return form, and all other
15 checkoffs enacted during that session of the general assembly
16 are repealed on December 31 of the year of enactment. If
17 more checkoffs are enacted in the same session of the general
18 assembly than there is space for inclusion on the individual
19 income tax form ~~and the additional checkoffs are enacted on~~
20 ~~the same day~~ and it is indeterminable which checkoffs have
21 the earliest date of enactment pursuant to section 3.7, the
22 director shall determine which checkoffs shall be included on
23 the return form, and all other checkoffs not included on the
24 return form shall be repealed on December 31 of the year of
25 enactment and shall not be included on the return form.

26 3. a. By July 1 of the year in which two checkoffs are
27 repealed pursuant to subsection 1, the department shall notify
28 the Iowa Code editor which two checkoffs received the least
29 amount of contributions and are repealed.

30 b. By September 1 of any applicable year, the department
31 shall notify the Iowa Code editor of any repeal pursuant to
32 subsection 2.

33 Sec. 50. NEW SECTION. 422.12G Joint income tax checkoff for
34 veterans trust fund and volunteer fire fighter preparedness fund.

35 1. A person who files an individual or a joint income tax

1 return with the department of revenue under section 422.13 may
2 designate one dollar or more to be paid jointly to the veterans
3 trust fund created in section 35A.13 and to the volunteer fire
4 fighter preparedness fund created in section 100B.13. If the
5 refund due on the return or the payment remitted with the
6 return is insufficient to pay the additional amount designated
7 by the taxpayer, the amount designated shall be reduced to the
8 remaining amount of refund or the remaining amount remitted
9 with the return. The designation of a contribution under this
10 section is irrevocable.

11 2. The director of revenue shall draft the income tax form
12 to allow the designation of contributions to the veterans trust
13 fund and to the volunteer fire fighter preparedness fund as
14 one checkoff on the tax return. The department of revenue,
15 on or before January 31, shall transfer one-half of the total
16 amount designated on the tax return forms due in the preceding
17 calendar year to the veterans trust fund and the remaining
18 one-half to the volunteer fire fighter preparedness fund.
19 However, before a checkoff pursuant to this section shall be
20 permitted, all liabilities on the books of the department of
21 administrative services and accounts identified as owing under
22 section 8A.504 shall be satisfied.

23 3. The department of revenue shall adopt rules to administer
24 this section.

25 4. This section is subject to repeal under section 422.12E.
26 Sec. 51. Section 422.12H, Code 2019, is amended to read as
27 follows:

28 **422.12H Income tax checkoff for fish and game protection**
29 **fund.**

30 1. A person who files an individual or a joint income tax
31 return with the department of revenue under [section 422.13](#) may
32 designate a contribution to the state fish and game protection
33 fund authorized pursuant to [section 456A.16](#).

34 2. This section is subject to repeal under section 422.12E.
35 Sec. 52. NEW SECTION. **422.12I Income tax checkoff for the**

1 Iowa state fair foundation fund.

2 1. A person who files an individual or a joint income tax
3 return with the department of revenue under section 422.13
4 may designate one dollar or more to be paid to the foundation
5 fund of the Iowa state fair foundation as established in
6 section 173.22. If the refund due on the return or the payment
7 remitted with the return is insufficient to pay the amount
8 designated by the taxpayer to the foundation fund, the amount
9 designated shall be reduced to the remaining amount of the
10 refund or the remaining amount remitted with the return. The
11 designation of a contribution to the foundation fund under this
12 section is irrevocable.

13 2. The director of revenue shall draft the income tax form
14 to allow the designation of contributions to the foundation
15 fund on the tax return. The department, on or before January
16 31, shall transfer the total amount designated on the tax
17 form due in the preceding year to the foundation fund.
18 However, before a checkoff pursuant to this section shall be
19 permitted, all liabilities on the books of the department of
20 administrative services and accounts identified as owing under
21 section 8A.504 shall be satisfied.

22 3. The Iowa state fair board may authorize payment from
23 the foundation fund for purposes of supporting foundation
24 activities.

25 4. The department of revenue shall adopt rules to implement
26 this section.

27 5. This section is subject to repeal under section 422.12E.

28 DIVISION IX

29 POWERS AND DUTIES OF DIRECTOR OF REVENUE

30 Sec. 53. Section 421.17, Code 2019, is amended by adding the
31 following new subsection:

32 NEW SUBSECTION. 35. To audit and examine all taxes
33 collected or administered by the department.

34 DIVISION X

35 SALES AND USE TAX EXEMPTIONS RELATED TO MANUFACTURERS

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(amending this SF 631 to CONFORM to HF 779)

1 Sec. 54. Section 423.3, subsection 47, paragraph d,
2 subparagraph (4), subparagraph division (c), unnumbered
3 paragraph 1, Code 2019, is amended to read as follows:

4 "Manufacturer" does not include persons who are not commonly
5 understood as manufacturers, including but not limited to
6 persons primarily engaged in any of the following activities:

7 Sec. 55. EFFECTIVE DATE. This division of this Act, being
8 deemed of immediate importance, takes effect upon enactment.

9 Sec. 56. RETROACTIVE APPLICABILITY. This division of this
10 Act applies retroactively to May 30, 2018.

11 DIVISION XI

12 RESEARCH ACTIVITIES TAX CREDIT

13 Sec. 57. Section 422.10, subsection 1, paragraph a,
14 subparagraph (1), subparagraph division (a), Code 2019, is
15 amended to read as follows:

16 (a) The business is engaged in the manufacturing, life
17 sciences, agriscience, software engineering, or aviation and
18 aerospace industry.

19 Sec. 58. Section 422.10, subsection 1, paragraph a,
20 subparagraph (1), subparagraph division (b), unnumbered
21 paragraph 1, Code 2019, is amended to read as follows:

22 Persons that shall not be considered to be engaged in
23 the manufacturing, life sciences, agriscience, software
24 engineering, or aviation and aerospace industry, and thus are
25 not eligible for the credit, include but are not limited to all
26 of the following:

27 Sec. 59. Section 422.33, subsection 5, paragraph e,
28 subparagraph (1), subparagraph division (a), Code 2019, is
29 amended to read as follows:

30 (a) The business is engaged in the manufacturing, life
31 sciences, agriscience, software engineering, or aviation and
32 aerospace industry.

33 Sec. 60. Section 422.33, subsection 5, paragraph e,
34 subparagraph (1), subparagraph division (b), unnumbered
35 paragraph 1, Code 2019, is amended to read as follows:

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1 Persons that shall not be considered to be engaged in
2 the manufacturing, life sciences, agriscience, software
3 engineering, or aviation and aerospace industry, and thus are
4 not eligible for the credit, include but are not limited to all
5 of the following:

6 DIVISION XII

7 ADOPTION TAX CREDIT

8 Sec. 61. Section 422.12A, subsection 2, Code 2019, is
9 amended to read as follows:

10 2. The taxes imposed under this division, less the credits
11 allowed under section 422.12, shall be reduced by an adoption
12 tax credit equal to the amount of qualified adoption expenses
13 paid or incurred by the taxpayer ~~during the tax year~~ in
14 connection with the adoption of a child by the taxpayer, not to
15 exceed five thousand dollars per adoption.

16 Sec. 62. Section 422.12A, Code 2019, is amended by adding
17 the following new subsection:

18 NEW SUBSECTION. 3A. The credit under this section with
19 respect to any qualified adoption expense shall be allowed
20 during a tax year as follows:

21 a. For any qualified adoption expense paid or incurred prior
22 to or during the tax year in which the adoption becomes final,
23 the tax year in which the adoption becomes final.

24 b. For any qualified adoption expense paid or incurred after
25 the tax year in which the adoption becomes final, the tax year
26 in which an adoption expense is paid or incurred.

27 Sec. 63. RETROACTIVE APPLICABILITY. This division of this
28 Act applies retroactively to January 1, 2019, for tax years
29 beginning on or after that date.

30 DIVISION XIII

31 UTILITY REPLACEMENT TASK FORCE

32 Sec. 64. Section 437A.15, subsection 7, paragraph b, Code
33 2019, is amended to read as follows:

34 b. The task force shall study the effects of the replacement
35 taxes under this chapter and chapter 437B on local taxing

1 authorities, local taxing districts, consumers, and taxpayers
2 through January 1, ~~2019~~ 2024. If the task force recommends
3 modifications to the replacement tax that will further the
4 purposes of tax neutrality for local taxing authorities, local
5 taxing districts, taxpayers, and consumers, consistent with the
6 stated purposes of this chapter, the department of management
7 shall transmit those recommendations to the general assembly.

8 DIVISION XIV

9 FRANCHISE TAX — ALTERNATIVE MINIMUM TAX (AMT) REPEAL

10 Sec. 65. Section 422.60, subsection 2, Code 2019, is amended
11 by adding the following new paragraph:

12 NEW PARAGRAPH. *c.* This subsection is repealed January 1,
13 2021, for tax years beginning on or after that date.

14 Sec. 66. Section 422.60, subsection 3, Code 2019, is amended
15 to read as follows:

16 3. *a.* (1) ~~There~~ For tax years beginning before January 1,
17 2022, there is allowed as a credit against the tax determined
18 in section 422.63 for a tax year an amount equal to the minimum
19 tax credit for that tax year.

20 (2) The minimum tax credit for a tax year is the excess,
21 if any, of the net minimum tax imposed for all prior tax years
22 beginning on or after January 1, 1987, but before January
23 1, 2021, over the amount allowable as a credit under this
24 subsection for those prior tax years.

25 *b.* (1) The allowable credit under paragraph "a" for a tax
26 year beginning before January 1, 2021, shall not exceed the
27 excess, if any, of the tax determined in section 422.63 over
28 the state alternative minimum tax as determined in subsection
29 2. The allowable credit under paragraph "a" for a tax year
30 beginning in the 2021 calendar year shall not exceed the tax
31 determined in section 422.63.

32 (2) The net minimum tax for a tax year is the excess, if
33 any, of the tax determined in subsection 2 for the tax year
34 over the tax determined in section 422.63 for the tax year.

35 *c.* This subsection is repealed January 1, 2022, for tax

1 years beginning on or after that date.

2 DIVISION XV

3 GEOTHERMAL HEAT PUMP TAX CREDIT

4 Sec. 67. NEW SECTION. 422.12N Geothermal heat pump tax
5 credit.

6 1. The taxes imposed under this division, less the credits
7 allowed under section 422.12, shall be reduced by a geothermal
8 heat pump tax credit equal to twenty percent of the federal
9 residential energy efficient property tax credit allowed for
10 geothermal heat pumps provided in section 25D(a)(5) of the
11 Internal Revenue Code for residential property located in Iowa.

12 2. Any credit in excess of the tax liability is not
13 refundable but the excess for the tax year may be credited
14 to the tax liability for the following ten years or until
15 depleted, whichever is earlier.

16 3. The department shall accept and approve applications
17 on a first-come, first-served basis until the maximum amount
18 of tax credits that may be claimed pursuant to subsection 4
19 is reached. If for a tax year the aggregate amount of tax
20 credits applied for exceeds the amount specified in subsection
21 4, the department shall establish a wait list for tax credits.
22 Valid applications filed by the taxpayer by May 1 following the
23 year of the installation but not approved by the department
24 shall be placed on a wait list in the order the applications
25 were received and those applicants shall be given priority
26 for having their applications approved in succeeding years.
27 Placement on a wait list pursuant to this subsection shall not
28 constitute a promise binding the state. The availability of a
29 tax credit and approval of a tax credit application pursuant
30 to this section in a future year is contingent upon the
31 availability of tax credits in that particular year.

32 4. a. The cumulative value of tax credits claimed annually
33 by applicants pursuant to this section shall not exceed one
34 million dollars.

35 b. If an amount of tax credits available for a tax year

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1 pursuant to paragraph "a" goes unclaimed, the amount of the
2 unclaimed tax credits shall be made available for the following
3 tax year in addition to, and cumulated with, the amount
4 available pursuant to paragraph "a" for the following tax year.

5 5. The director of revenue shall adopt rules to implement
6 this section.

7 Sec. 68. EFFECTIVE DATE. This division of this Act, being
8 deemed of immediate importance, takes effect upon enactment.

9 Sec. 69. RETROACTIVE APPLICABILITY. This division of this
10 Act applies retroactively to January 1, 2019, for tax years
11 beginning on or after that date.

12 DIVISION XVI

13 MONEYS AND CREDITS TAX ON STATE CREDIT UNIONS

14 Sec. 70. Section 533.329, subsection 2, paragraph a, Code
15 2019, is amended to read as follows:

16 a. The moneys and credits tax on state credit unions is
17 imposed at a rate of one-half cent on each dollar of the legal
18 and special reserves that are required to be maintained by the
19 state credit union under [section 533.303](#), ~~and shall be levied~~
20 ~~by the board of supervisors and placed upon the tax list and~~
21 ~~collected by the county treasurer.~~ However, an exemption shall
22 be given to each state credit union in the amount of forty
23 thousand dollars.>

24 2. Title page, by striking lines 1 through 12 and inserting
25 <An Act relating to the administration of the tax and related
26 laws by the department of revenue, including the administration
27 and modification of certain tax credits and refunds, the
28 individual and corporate income taxes, franchise taxes, moneys
29 and credits taxes, sales and use taxes, and automobile rental
30 excise taxes, the assessment of property owned by certain
31 long distance telephone companies, establishing a taxation
32 and exemption of computers task force, extending the utility
33 replacement task force, and providing for other properly
34 related matters, making penalties applicable, and including
35 effective date and retroactive applicability provisions.>

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(amending this SF 631 to CONFORM to HF 779)

RANDY FEENSTRA