

S-5157

1 Amend House File 2641, as amended, passed, and reprinted by  
2 the House, as follows:

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

5 <DIVISION I

6 DEPARTMENT OF REVENUE ADMINISTRATION AND PENALTY PROVISIONS

7 Section 1. Section 421.6, Code 2020, is amended to read as  
8 follows:

9 421.6 Definition of return.

10 For purposes of this title, unless the context otherwise  
11 requires, "return" means any tax or information return, amended  
12 return, declaration of estimated tax, or claim for refund  
13 that is required by, provided for, or permitted under, the  
14 provisions of this title or section 533.329, and which is filed  
15 with the department by, on behalf of, or with respect to any  
16 person. "Return" includes any amendment or supplement to these  
17 items, including supporting schedules, attachments, or lists  
18 which are supplemental to or part of the filed return.

19 Sec. 2. Section 421.17, Code 2020, is amended by adding the  
20 following new subsection:

21 NEW SUBSECTION. 36. To enter into an agreement pursuant  
22 to chapter 28E with the state fair organized under chapter 173  
23 or with a fair defined in section 174.1, to collect and remit  
24 taxes and fees from sellers making sales at retail on property  
25 owned, controlled, or operated by a fair or through events  
26 conducted by a fair.

27 Sec. 3. Section 421.27, subsection 1, Code 2020, is amended  
28 to read as follows:

29 1. *Failure to timely file a return or deposit form.*

30 a. If a person fails to file with the department on or  
31 before the due date a return or deposit form there shall be  
32 added to the tax shown due or required to be shown due a penalty  
33 of ten percent of the tax shown due or required to be shown due.

34 b. In the case of a specified business with no tax shown  
35 due or required to be shown due that fails to timely file an

1 income return, the specified business shall pay the greater of  
2 the following penalty amounts:

3     (1) Two hundred dollars.

4     (2) An amount equal to ten percent of the imputed Iowa  
5 liability of the specified business, not to exceed twenty-five  
6 thousand dollars.

7     c. The penalty, if assessed pursuant to paragraph "a" or  
8 "b", shall be waived by the department upon a showing of any of  
9 the following conditions:

10    a. (1) At An amount of tax greater than zero is required to  
11 be shown due and at least ninety percent of the tax required to  
12 be shown due has been paid by the due date of the tax.

13    b. (2) Those taxpayers who are required to file quarterly  
14 returns, or monthly or semimonthly deposit forms may have one  
15 late return or deposit form within a three-year period. The  
16 use of any other penalty exception will not count as a late  
17 return or deposit form for purposes of this exception.

18    c. (3) The death of a taxpayer, death of a member of  
19 the immediate family of the taxpayer, or death of the person  
20 directly responsible for filing the return and paying the tax,  
21 when the death interferes with timely filing.

22    d. (4) The onset of serious, long-term illness or  
23 hospitalization of the taxpayer, of a member of the immediate  
24 family of the taxpayer, or of the person directly responsible  
25 for filing the return and paying the tax.

26    e. (5) Destruction of records by fire, flood, or other act  
27 of God.

28    f. (6) The taxpayer presents proof that the taxpayer  
29 relied upon applicable, documented, written advice specifically  
30 made to the taxpayer, to the taxpayer's preparer, or to an  
31 association representative of the taxpayer from the department,  
32 state department of transportation, county treasurer, or  
33 federal internal revenue service, whichever is appropriate,  
34 that has not been superseded by a court decision, ruling by a  
35 quasi-judicial body, or the adoption, amendment, or repeal of

1 a rule or law.

2       g. (7) Reliance upon results in a previous audit was a  
3 direct cause for the failure to file where the previous audit  
4 expressly and clearly addressed the issue and the previous  
5 audit results have not been superseded by a court decision, or  
6 the adoption, amendment, or repeal of a rule or law.

7       h. (8) Under rules prescribed by the director, the taxpayer  
8 presents documented proof of substantial authority to rely  
9 upon a particular position or upon proof that all facts and  
10 circumstances are disclosed on a return or deposit form.

11      i. (9) The return, deposit form, or payment is timely,  
12 but erroneously, mailed with adequate postage to the internal  
13 revenue service, another state agency, or a local government  
14 agency and the taxpayer provides proof of timely mailing with  
15 adequate postage.

16      j. (10) The tax has been paid by the wrong licensee and the  
17 payments were timely remitted to the department for one or more  
18 tax periods prior to notification by the department.

19      k. (11) The failure to file was discovered through a  
20 sanctioned self-audit program conducted by the department.

21      l. (12) If the availability of funds in payment of tax  
22 required to be made through electronic funds transfer is  
23 delayed and the delay of availability is due to reasons beyond  
24 the control of the taxpayer. "Electronic funds transfer" means  
25 any transfer of funds, other than a transaction originated  
26 by check, draft, or similar paper instrument, that is  
27 initiated through an electronic terminal telephone, computer,  
28 magnetic tape, or similar device for the purpose of ordering,  
29 instructing, or authorizing a financial institution to debit or  
30 credit an account.

31      m. (13) The failure to file a timely inheritance tax return  
32 resulting solely from a disclaimer that required the personal  
33 representative to file an inheritance tax return. The penalty  
34 shall be waived if such return is filed and any tax due is paid  
35 within the later of nine months from the date of death or sixty

1 days from the delivery or filing of the disclaimer pursuant to  
2 section 633E.12.

3       a. (14) That an Iowa inheritance tax return is filed for  
4 an estate within the later of nine months from the date of  
5 death or sixty days from the filing of a disclaimer by the  
6 beneficiary of the estate refusing to take the property or  
7 right or interest in the property.

8       Sec. 4. Section 421.27, subsections 4 and 6, Code 2020, are  
9 amended to read as follows:

10      4. *Willful failure to file or deposit.*

11      a. (1) In case of willful failure to file a return  
12 or deposit form with the intent to evade tax or a filing  
13 requirement, or in case of willfully filing a false return  
14 or deposit form with the intent to evade tax, in lieu of the  
15 penalties otherwise provided in this section, a penalty of  
16 seventy-five percent shall be added to the amount shown due or  
17 required to be shown as tax on the return or deposit form.

18      (2) In case of a willful failure by a specified business to  
19 file an income return with no tax shown due or required to be  
20 shown due with intent to evade a filing requirement, or in case  
21 of willfully filing a false income return with no tax shown due  
22 or required to be shown due with the intent to evade reporting  
23 of Iowa-source income, the penalty imposed shall be the greater  
24 of the following amounts:

25      (a) One thousand five hundred dollars.

26      (b) An amount equal to seventy-five percent of the imputed  
27 Iowa liability of the specified business.

28      (3) If penalties are applicable for failure to file a  
29 return or deposit form and failure to pay the tax shown due or  
30 required to be shown due on the return or deposit form, the  
31 penalty provision for failure to file shall be in lieu of the  
32 penalty provisions for failure to pay the tax shown due or  
33 required to be shown due on the return or deposit form, except  
34 in the case of willful failure to file a return or deposit form  
35 or willfully filing a false return or deposit form with intent

1 to evade tax.

2       b. The penalties imposed under **this subsection** are not  
3 subject to waiver.

4       6. *Improper receipt of payments Liability — fraudulent  
5 practice.* A person who makes an erroneous application for  
6 refund, credit, reimbursement, rebate, or other payment shall  
7 be liable for any overpayment received or tax liability reduced  
8 plus interest at the rate in effect under **section 421.7**.

9       a. In addition, a person ~~who willfully commits a fraudulent  
10 practice and is liable for a penalty equal to seventy-five  
11 percent of the refund, credit, exemption, reimbursement,  
12 rebate, or other payment or benefit being claimed if the person  
13 does any of the following:~~

14       (1) ~~Willfully makes a false or frivolous application for  
15 refund, credit, exemption, reimbursement, rebate, or other  
16 payment or benefit with intent to evade tax or with intent to  
17 receive a refund, credit, exemption, reimbursement, rebate,  
18 or other payment or benefit, to which the person is not  
19 entitled is guilty of a fraudulent practice and is liable for a  
20 penalty equal to seventy-five percent of the refund, credit,  
21 reimbursement, rebate, or other payment being claimed.~~

22       (2) ~~Willfully submits any false information, document,  
23 or document containing false information in support of an  
24 application for refund, credit, exemption, reimbursement,  
25 rebate, or other payment or benefit with the intent to evade  
26 tax.~~

27       (3) ~~Willfully submits with any false information, document,  
28 or document containing false information in support of an  
29 application for refund with the intent to receive a refund,  
30 credit, exemption, reimbursement, rebate, or other payment  
31 benefit, to which the person is not entitled.~~

32       b. Payments, penalties, and interest due under this  
33 subsection may be collected and enforced in the same manner as  
34 the tax imposed.

35       Sec. 5. Section 421.27, Code 2020, is amended by adding the

1 following new subsections:

2       NEW SUBSECTION. 8. *Definitions.* As used in this section:

3       a. "*Imputed Iowa liability*" means any of the following:

4       (1) In the case of corporations other than corporations  
5 described in section 422.34 or section 422.36, subsection 5,  
6 the corporation's Iowa net income after the application of the  
7 Iowa business activity ratio, if applicable, multiplied by the  
8 top income tax rate imposed under section 422.33 for the tax  
9 year.

10     (2) In the case of financial institutions as defined in  
11 section 422.61, the financial institution's Iowa net income  
12 after the application of the Iowa business activity ratio, if  
13 applicable, multiplied by the franchise tax rate imposed under  
14 section 422.63 for the tax year.

15     (3) In this case of all other entities, including  
16 corporations described in section 422.36, subsection 5, and all  
17 other entities required to file an information return under  
18 section 422.15, subsection 2, the entity's Iowa net income  
19 after the application of the Iowa business activity ratio, if  
20 applicable, multiplied by the top income tax rate imposed under  
21 section 422.5A for the tax year.

22     b. "*Income return*" means an income tax return or information  
23 return required under section 422.15, subsection 2, or section  
24 422.36, 422.37, or 422.62.

25     c. "*Specified business*" means a partnership or other entity  
26 required to file an information return under section 422.15,  
27 subsection 2, a corporation required to file a return under  
28 section 422.36 or 422.37, or a financial institution required  
29 to file a return under section 422.62.

30     NEW SUBSECTION. 9. *Additional penalty.* In addition to the  
31 penalties imposed by this section, if a taxpayer fails to file  
32 a return within ninety days of written notice by the department  
33 that the taxpayer is required to do so, there shall be added to  
34 the amount shown due or required to be shown due a penalty in  
35 the amount of one thousand dollars.

1        Sec. 6. NEW SECTION. 421.27A Perjury.

2        1. For purposes of this title, a form, application, or any  
3 other documentation required or requested by the department  
4 shall be required to be certified under penalty of perjury that  
5 the information contained in the form, application, or other  
6 documentation is true and correct.

7        2. A person commits a class "D" felony under any of the  
8 following circumstances:

9            a. The person makes a form, application, or other document  
10 containing false information in support of an application for  
11 refund, credit, exemption, reimbursement, rebate, or other  
12 payment or benefit with intent to evade tax.

13          b. The person makes a form, application, or other document  
14 containing false information with intent to unlawfully receive  
15 a refund, credit, exemption, reimbursement, rebate, or other  
16 payment or benefit, to which the person is not entitled.

17          c. The person knowingly makes any false affidavit.

18          d. The person knowingly swears or affirms falsely to any  
19 matter or thing required by the terms of this title to be sworn  
20 to or affirmed.

21        Sec. 7. NEW SECTION. 421.59 Power of attorney — authority  
22 to act on behalf of taxpayer.

23          1. a. A taxpayer may authorize an individual to act on  
24 behalf of the taxpayer by filing a power of attorney with the  
25 department, on a form prescribed by the department.

26          b. A taxpayer may at any time revoke a power of attorney  
27 filed with the department pursuant to subsection 1. Upon  
28 processing of the taxpayer's revocation of a power of attorney,  
29 the department shall cease honoring the power of attorney.

30          2. The department may authorize the following persons to act  
31 and receive information on behalf of and exercise all of the  
32 rights of a taxpayer, regardless of whether a power of attorney  
33 has been filed pursuant to subsection 1:

34          a. A guardian, conservator, or custodian appointed by a  
35 court, if a taxpayer has been deemed legally incompetent by a

1 court. The authority of the appointee to act on behalf of the  
2 taxpayer shall be limited to the extent specifically stated in  
3 the order of appointment.

4 (1) Upon request, a guardian, conservator, or custodian of  
5 a taxpayer shall submit to the department a copy of the court  
6 order appointing the guardian, conservator, or custodian.

7 (2) The department may petition the court that appointed the  
8 guardian, conservator, or custodian to verify the appointment  
9 or to determine the scope of the appointment.

10 b. A receiver appointed pursuant to chapter 680. An  
11 appointed receiver shall be limited to act on behalf of the  
12 taxpayer by the authority stated in the order of appointment.

13 (1) Upon the request of the department, a receiver shall  
14 submit to the department a copy of the court order appointing  
15 the receiver.

16 (2) The department may petition the court that appointed the  
17 receiver to verify the appointment or to determine the scope  
18 of the appointment.

19 c. An individual who has been named as an authorized  
20 representative on a fiduciary return of income filed under  
21 section 422.14 or a tax return filed under chapter 450.

22 d. (1) An individual holding the following title or  
23 position within a corporation, association, partnership, or  
24 other business entity:

25 (a) A president or chief executive officer, or any other  
26 officer of the corporation or association if the president or  
27 chief executive officer certifies that the officer has the  
28 authority to legally bind the corporation or association.

29 (b) A designated partner duly authorized to act on behalf  
30 of the partnership.

31 (c) A person authorized to act on behalf of a limited  
32 liability company in tax matters pursuant to a valid statement  
33 of authority.

34 (2) An individual seeking to act on behalf of a taxpayer  
35 pursuant to this paragraph shall file an affidavit with the

1 department attesting to the identity and qualifications of the  
2 individual and any necessary certifications required under this  
3 paragraph. The department may require any documents or other  
4 evidence to demonstrate the individual has authority to act on  
5 behalf of the taxpayer before the department.

6       e. A licensed attorney who has appeared on behalf of the  
7 taxpayer or the taxpayer's estate in a court proceeding.  
8 Authorization under this paragraph is limited to those matters  
9 within the scope of the representation.

10      f. A parent or guardian of a taxpayer who has not reached  
11 the age of majority where the parent or guardian has signed the  
12 taxpayer's return on behalf of the taxpayer. Authorization  
13 under this paragraph is limited to those matters relating to  
14 the return signed by the parent or guardian. Authorization  
15 under this paragraph automatically terminates when the taxpayer  
16 reaches the age of majority pursuant to section 599.1.

17       3. a. In lieu of executing a power of attorney pursuant  
18 to subsection 1, the department may enter into a memorandum of  
19 understanding with the taxpayer for each employee, officer,  
20 or member of a third-party entity engaged with or otherwise  
21 hired by a taxpayer to manage the tax matters of the taxpayer,  
22 to permit the disclosure of confidential tax information to  
23 the third-party entity and the authority to act on behalf of  
24 the taxpayer. The memorandum of understanding shall adhere to  
25 requirements as established by the director.

26       b. The memorandum of understanding shall be signed by  
27 the director, the taxpayer, and the third-party entity or an  
28 authorized representative of the third-party entity.

29       c. At any time, a taxpayer may unilaterally revoke  
30 a memorandum of understanding entered into pursuant to  
31 this subsection by filing a notice of revocation with the  
32 department. Upon the filing of such a revocation by the  
33 taxpayer, the department shall cease honoring the memorandum  
34 of understanding.

35       4. The department shall adopt rules pursuant to chapter 17A

1 to administer this section.

2 Sec. 8. Section 421.60, subsection 2, paragraph a,  
3 subparagraph (2), Code 2020, is amended to read as follows:

4 (2) The statement prepared in accordance with this  
5 paragraph shall be available on the department's internet site.  
6 The internet site for this information shall be distributed by  
7 the department to all taxpayers at the first contact by the  
8 department with respect to the determination or collection of  
9 any tax, except in the case of simply providing tax forms.

10 Sec. 9. Section 421.60, Code 2020, is amended by adding the  
11 following new subsection:

12 NEW SUBSECTION. 11. *Electronic communication.*

13 Notwithstanding any provision of the law to the contrary, for  
14 purposes of this title and sections 321.105A and 533.329, a  
15 taxpayer may elect to receive any notices, correspondence,  
16 or other communication electronically that the department is  
17 required to send by regular mail. The director may establish  
18 procedures and limitations for obtaining this election from the  
19 taxpayer.

20 Sec. 10. Section 421.62, subsection 1, Code 2020, is amended  
21 by adding the following new paragraph:

22 NEW PARAGRAPH. 0b. "*Income tax return or claim for refund*"  
23 means any tax return or claim for refund under chapter 422,  
24 excluding withholding returns under section 422.16.

25 Sec. 11. Section 421.62, subsection 1, paragraph c,  
26 subparagraph (1), Code 2020, is amended to read as follows:

27 (1) "*Tax return preparer*" means any individual who, for  
28 a fee or other consideration, prepares ten or more income  
29 tax returns or claims for refund under chapter 422 during  
30 a calendar year, or who assumes final responsibility for  
31 completed work on such income tax returns or claims for refund  
32 under chapter 422 on which preliminary work has been done by  
33 another individual.

34 Sec. 12. Section 421.62, subsection 2, paragraph a, Code  
35 2020, is amended to read as follows:

1       a. On or after January 1, 2020, a tax return preparer  
2 is required to include the tax return preparer's PTIN on  
3 any income tax return or claim for refund prepared by the  
4 tax return preparer and filed under ~~chapter 422~~ with the  
5 department.

6       Sec. 13. Section 421.64, subsection 1, Code 2020, is amended  
7 to read as follows:

8       1. For purposes of this section, "tax return preparer" means  
9 the same as defined in section 421.61 421.62.

10      Sec. 14. Section 422.20, subsections 1 and 2, Code 2020, are  
11 amended to read as follows:

12      1. It shall be unlawful for any present or former officer  
13 or employee of the state to willfully or recklessly divulge or  
14 to make known in any manner whatever not provided by law to  
15 any person the amount or source of income, profits, losses,  
16 expenditures, or any particular thereof, set forth or disclosed  
17 in any income return, or to permit any income return or copy  
18 thereof or any book containing any abstract or particulars  
19 thereof to be seen or examined by any person except as provided  
20 by law; and it shall be unlawful for any person to willfully or  
21 recklessly print or publish in any manner whatever not provided  
22 by law any income return, or any part thereof or source of  
23 income, profits, losses, or expenditures appearing in any  
24 income return; and any person committing an offense against the  
25 foregoing provision shall be guilty of a serious misdemeanor.

26 If the offender is an officer or employee of the state, such  
27 person shall also be dismissed from office or discharged from  
28 employment. Nothing herein shall prohibit turning over to duly  
29 authorized officers of the United States or tax officials of  
30 other states state information and income returns pursuant  
31 to agreement between the director and the secretary of the  
32 treasury of the United States or the secretary's delegate or  
33 pursuant to a reciprocal agreement with another state.

34      2. It is unlawful for an officer, employee, or agent, or  
35 former officer, employee, or agent of the state to willfully

1 or recklessly disclose to any person, except as authorized  
2 in subsection 1 of this section, any federal tax return  
3 or return information as defined in section 6103(b) of the  
4 Internal Revenue Code. It is unlawful for a person to whom  
5 any federal tax return or return information, as defined in  
6 section 6103(b) of the Internal Revenue Code, is disclosed  
7 in a manner unauthorized by subsection 1 of this section  
8 to thereafter willfully or recklessly print or publish in  
9 any manner not provided by law any such return or return  
10 information. A person violating this provision is guilty of  
11 a serious misdemeanor.

12 Sec. 15. Section 422.20, subsection 3, paragraph a, Code  
13 2020, is amended to read as follows:

14 a. Unless otherwise expressly permitted by section 8A.504,  
15 section 8G.4, section 11.41, section 96.11, subsection 6,  
16 section 421.17, subsections 22, 23, and 26, section 421.17,  
17 subsection 27, paragraph "k", section 421.17, subsection 31,  
18 section 252B.9, section 321.40, subsection 6, sections 321.120,  
19 421.19, 421.28, 421.59, 422.72, and 452A.63, this section, or  
20 another provision of law, a tax return, return information, or  
21 investigative or audit information shall not be divulged to any  
22 person or entity, other than the taxpayer, the department, or  
23 internal revenue service for use in a matter unrelated to tax  
24 administration.

25 Sec. 16. Section 422.20, Code 2020, is amended by adding the  
26 following new subsections:

27 NEW SUBSECTION. 3A. The director may disclose the tax  
28 return of a partnership, limited liability company, or S  
29 corporation, any such return information, or any investigative  
30 information related to the return, to any person who was a  
31 partner, shareholder, or member of such an entity during any  
32 part of the period covered by the return.

33 NEW SUBSECTION. 3B. a. Prior to being made available for  
34 public inspection, the department shall redact from the record  
35 in an appeal or contested case the following information from

1 any pleading, exhibit, attachment, motion, written evidence,  
2 final order, decision, or opinion:

3       (1) A financial account number.

4       (2) An account number generated by the department to  
5 identify an audit or examination.

6       (3) A social security number.

7       (4) A federal employer identification number.

8       (5) The name of a minor.

9       (6) A medical record or other medical information.

10      b. Upon a motion filed by the taxpayer, the department  
11 may redact from the record in an appeal or contested case any  
12 other information from a pleading, exhibit, attachment, motion,  
13 or written evidence, if the taxpayer proves by clear and  
14 convincing evidence that the release of such information would  
15 disclose a trade secret or be a clear, unwarranted invasion of  
16 personal privacy.

17      c. Notwithstanding paragraph "a", when making final orders,  
18 decisions, or opinions available for public inspection, the  
19 department may disclose the items in paragraph "a" if the  
20 department determines such information is necessary to the  
21 resolution or decision of the appeal or case.

22      d. Except as described in paragraphs "a" and "b", all  
23 information contained in a pleading, exhibit, attachment,  
24 motion, written evidence, final order, decision, opinion,  
25 and the record in an appeal or contested case is subject to  
26 examination to the extent provided by chapter 22.

27      Sec. 17. Section 422.25, subsection 1, Code 2020, is amended  
28 by adding the following new paragraph:

29      NEW PARAGRAPH. c. The period of examination and  
30 determination is unlimited under this title in the case of  
31 any action by the department to recover or rescind any tax  
32 expenditure as defined by section 2.48, subsection 1, or any  
33 other incentive or assistance, due to a failure to meet or  
34 maintain the requirements of a program administered by the  
35 economic development authority.

1       Sec. 18. Section 422.69, subsection 1, Code 2020, is amended  
2 to read as follows:

3       1. All fees, taxes, interest, and penalties imposed under  
4 this chapter shall be paid to the department in the form of  
5 remittances payable to the ~~state treasurer~~ department and the  
6 department shall transmit each payment daily to the state  
7 treasurer.

8       Sec. 19. Section 422.72, subsection 1, paragraph a,  
9 subparagraph (1), Code 2020, is amended to read as follows:

10      (1) It is unlawful for the director, or any person having  
11 an administrative duty under **this chapter**, or any present or  
12 former officer or other employee of the state authorized by the  
13 director to examine returns, to willfully or recklessly divulge  
14 in any manner whatever, the business affairs, operations, or  
15 information obtained by an investigation under **this chapter** of  
16 records and equipment of any person visited or examined in the  
17 discharge of official duty, or the amount or source of income,  
18 profits, losses, expenditures or any particular thereof, set  
19 forth or disclosed in any return, or to willfully or recklessly  
20 permit any return or copy of a return or any book containing  
21 any abstract or particulars thereof to be seen or examined by  
22 any person except as provided by law.

23      Sec. 20. Section 422.72, Code 2020, is amended by adding the  
24 following new subsection:

25      NEW SUBSECTION. 7A. a. Prior to being made available for  
26 public inspection, the department shall redact from the record  
27 in an appeal or contested case the following information from  
28 any pleading, exhibit, attachment, motion, written evidence,  
29 final order, decision, or opinion:

30      (1) A financial account number.

31      (2) An account number generated by the department to  
32 identify an audit or examination.

33      (3) A social security number.

34      (4) A federal employer identification number.

35      (5) The name of a minor.

1       (6) A medical record or other medical information.  
2       b. Upon a motion filed by the taxpayer, the department  
3 may redact from the record in an appeal or contested case any  
4 other information from a pleading, exhibit, attachment, motion,  
5 or written evidence, if the taxpayer proves by clear and  
6 convincing evidence that the release of such information would  
7 disclose a trade secret or be a clear, unwarranted invasion of  
8 personal privacy.

9       c. Notwithstanding paragraph "a", when making final orders,  
10 decisions, or opinions available for public inspection, the  
11 department may disclose the items in paragraph "a" if the  
12 department determines such information is necessary to the  
13 resolution or decision of the appeal or case.

14       d. Except as described in paragraphs "a" and "b", all  
15 information contained in a pleading, exhibit, attachment,  
16 motion, written evidence, final order, decision, opinion,  
17 and the record in an appeal or contested case is subject to  
18 examination to the extent provided by chapter 22.

19       Sec. 21. Section 423.37, Code 2020, is amended by adding the  
20 following new subsection:

21       NEW SUBSECTION. 4. The period of limitation on examination  
22 and determination is unlimited under this title in the case  
23 of any action by the department to recover or rescind any tax  
24 expenditure as defined by section 2.48, subsection 1, or any  
25 other incentive or assistance, due to a failure to meet or  
26 maintain the requirements of a program administered by the  
27 economic development authority.

28       Sec. 22. Section 428A.1, subsection 3, Code 2020, is amended  
29 to read as follows:

30       3. The declaration of value shall state the full  
31 consideration paid for the real property transferred. If  
32 agricultural land, as defined in **section 9H.1**, is purchased by  
33 a corporation, limited partnership, trust, alien or nonresident  
34 alien, the declaration of value shall include the name and  
35 address of the buyer, the name and address of the seller, a

1 legal description of the agricultural land, and identify the  
2 buyer as a corporation, limited partnership, trust, alien, or  
3 nonresident alien. The county recorder shall not record the  
4 declaration of value, but shall enter on the declaration of  
5 value information the director of revenue requires for the  
6 production of the sales/assessment ratio study and transmit  
7 all declarations of value to the city or county assessor in  
8 whose jurisdiction the property is located. The city or county  
9 assessor shall ~~enter on the declaration of value~~ provide the  
10 information the director of revenue requires for the production  
11 of the sales/assessment ratio study and ~~transmit one copy of~~  
12 ~~each declaration of value to the director of revenue,~~ at times  
13 as directed by the director of revenue. The assessor shall  
14 retain ~~one copy of each declaration of value~~ for three years  
15 from December 31 of the year in which the transfer of realty  
16 for which the declaration was filed took place. The director  
17 of revenue shall, upon receipt of the information required to  
18 be filed under **this chapter** by the city or county assessor,  
19 send to the office of the secretary of state that part of the  
20 declaration of value which identifies a corporation, limited  
21 partnership, trust, alien, or nonresident alien as a purchaser  
22 of agricultural land as defined in **section 9H.1**.

23 Sec. 23. Section 441.48, Code 2020, is amended to read as  
24 follows:

25 **441.48 Notice of adjustment.**

26 1. Before the department of revenue shall adjust the  
27 valuation of any class of property any such percentage, the  
28 department shall first serve ten days' notice by mail, on the  
29 county auditor of the county whose valuation is proposed to be  
30 adjusted. ~~The department shall hold an adjourned meeting after~~  
31 ~~such~~

32 2. If the county or assessing jurisdiction intends to  
33 protest the proposed adjustment, the board of supervisors or  
34 city council, as applicable, shall provide the department with  
35 notice of intent to protest prior to expiration of the ten

1 days' notice.

2       3. After expiration of the ten days' notice, at which time  
3 the county or assessing jurisdiction may appear by its city  
4 council or board of supervisors, city or county attorney, and  
5 other assessing jurisdiction, or city or county officials, and  
6 make written or oral protest against such proposed adjustment.

7       4. The protest shall consist simply of a statement of the  
8 error, or errors, complained of with such facts as may lead to  
9 their correction. At the adjourned meeting

10      5. After written protest is received, or an oral protest  
11 is heard, the final action may be taken in reference to the  
12 proposed adjustment.

13      Sec. 24. Section 489.706, subsection 2, Code 2020, is  
14 amended to read as follows:

15      2. The secretary of state shall refer the federal tax  
16 identification number contained in the application for  
17 reinstatement to the departments department of revenue and  
18 workforce development. The departments department of revenue  
19 and workforce development shall report to the secretary of  
20 state the tax status of the limited liability company. If  
21 either the department reports to the secretary of state that  
22 a filing delinquency or liability exists against the limited  
23 liability company, the secretary of state shall not cancel the  
24 declaration of dissolution until the filing delinquency or  
25 liability is satisfied.

26      Sec. 25. Section 490.1422, subsection 2, paragraph a, Code  
27 2020, is amended to read as follows:

28      a. The secretary of state shall refer the federal tax  
29 identification number contained in the application for  
30 reinstatement to the departments department of revenue and  
31 workforce development. The departments department of revenue  
32 and workforce development shall report to the secretary  
33 of state the tax status of the corporation. If either the  
34 department reports to the secretary of state that a filing  
35 delinquency or liability exists against the corporation,

1 the secretary of state shall not cancel the certificate of  
2 dissolution until the filing delinquency or liability is  
3 satisfied.

4 Sec. 26. Section 501.813, subsection 2, paragraph a, Code  
5 2020, is amended to read as follows:

6 a. The secretary of state shall refer the federal tax  
7 identification number contained in the application for  
8 reinstatement to the ~~departments~~ department of ~~revenue~~ and  
9 workforce development. The ~~departments~~ department of ~~revenue~~  
10 and workforce development shall report to the secretary  
11 of state the tax status of the cooperative. If either the  
12 department reports to the secretary of state that a filing  
13 delinquency or liability exists against the cooperative,  
14 the secretary of state shall not cancel the certificate of  
15 dissolution until the filing delinquency or liability is  
16 satisfied.

17 Sec. 27. Section 504.1423, subsection 2, paragraph a, Code  
18 2020, is amended to read as follows:

19 a. The secretary of state shall refer the federal tax  
20 identification number contained in the application for  
21 reinstatement to the ~~departments~~ department of ~~revenue~~ and  
22 workforce development. The ~~departments~~ department of ~~revenue~~  
23 and workforce development shall report to the secretary  
24 of state the tax status of the corporation. If either the  
25 department reports to the secretary of state that a filing  
26 delinquency or liability exists against the corporation,  
27 the secretary of state shall not cancel the certificate of  
28 dissolution until the filing delinquency or liability is  
29 satisfied.

30 Sec. 28. Section 533.329, Code 2020, is amended by adding  
31 the following new subsection:

32 NEW SUBSECTION. 03. Returns shall be in the form the  
33 director of revenue prescribes, and shall be filed with the  
34 department of revenue on or before the last day of the fourth  
35 month after the expiration of the tax year. The moneys and

1 credits tax is due and payable on the last day of the fourth  
2 month after the expiration of the tax year.

3 Sec. 29. Section 533.329, subsection 3, Code 2020, is  
4 amended to read as follows:

5 3. The department of revenue shall administer and enforce  
6 the provisions of this section, and except as explicitly  
7 provided in this section or another provision of law, shall  
8 apply all applicable penalty, interest, and administrative  
9 provisions of chapters 421 and 422 as nearly as possible in  
10 administering and enforcing the moneys and credits tax imposed  
11 by this section.

12 Sec. 30. LEGISLATIVE INTENT. It is the intent of the  
13 general assembly that the sections of this division amending  
14 Code sections 422.25 and 423.37 are conforming amendments  
15 consistent with current state law, and that the amendments  
16 do not change the application of current law but instead  
17 reflect current law both before and after the enactment of this  
18 division of this Act.

19 Sec. 31. EFFECTIVE DATE. The following, being deemed of  
20 immediate importance, take effect upon enactment:

21 1. The section of this division of this Act amending section  
22 422.25.

23 2. The section of this division of this Act amending section  
24 423.37.

25 Sec. 32. APPLICABILITY. The following applies to any  
26 return for which a written notice that the taxpayer is required  
27 to file such return is issued by the department on or after  
28 January 1, 2022:

29 The portion of the section of this division of this Act  
30 enacting section 421.27, subsection 9.

31 Sec. 33. APPLICABILITY. The following apply to tax years  
32 beginning on or after January 1, 2022:

33 1. The section of this division of this Act amending section  
34 421.27, subsection 1.

35 2. The portion of the section of this division of this Act

1 amending section 421.27, subsection 4.

2       3. The portion of the section of this division of this Act  
3 enacting section 421.27, subsection 8.

## DIVISION II

## **SALES AND USE TAX**

6 Sec. 34. Section 321G.4, subsection 2, Code 2020, is amended  
7 to read as follows:

8    2. a. The owner of the snowmobile shall file an application  
9 for registration with the department through the county  
10 recorder of the county of residence in the manner established  
11 by the commission. The application shall be completed by the  
12 owner and shall be accompanied by a fee of fifteen dollars and  
13 a writing fee as provided in [section 321G.27](#). A snowmobile  
14 shall not be registered by the county recorder until the  
15 county recorder is presented with receipts, bills of sale,  
16 or other satisfactory evidence that the sales or use tax has  
17 been paid for the purchase of the snowmobile or that the  
18 owner is exempt from paying the tax. A snowmobile that has  
19 an expired registration certificate from another state may be  
20 registered in this state upon proper application, payment of  
21 all applicable registration and writing fees, and payment of a  
22 penalty of five dollars.

23       b. If the owner of the snowmobile is unable to present  
24       satisfactory evidence that the sales or use tax has been paid,  
25       the county recorder shall collect the tax. On or before the  
26       tenth day of each month, the county recorder shall remit to  
27       the department of revenue the amount of the taxes collected  
28       during the preceding month, together with an itemized statement  
29       on forms furnished by the department of revenue showing the  
30       name of each taxpayer, the make and purchase price of each  
31       snowmobile, the amount of tax paid, and such other information  
32       as the department of revenue requires.

33 Sec. 35. Section 321I.4, subsection 2, Code 2020, is amended  
34 to read as follows:

35      2. *a.* The owner of the all-terrain vehicle shall file an

1 application for registration with the department through the  
2 county recorder of the county of residence, or in the case  
3 of a nonresident owner, in the county of primary use, in the  
4 manner established by the commission. The application shall  
5 be completed by the owner and shall be accompanied by a fee  
6 of fifteen dollars and a writing fee as provided in section  
7 321I.29. An all-terrain vehicle shall not be registered by the  
8 county recorder until the county recorder is presented with  
9 receipts, bills of sale, or other satisfactory evidence that  
10 the sales or use tax has been paid for the purchase of the  
11 all-terrain vehicle or that the owner is exempt from paying the  
12 tax. An all-terrain vehicle that has an expired registration  
13 certificate from another state may be registered in this state  
14 upon proper application, payment of all applicable registration  
15 and writing fees, and payment of a penalty of five dollars.

16       b. If the owner of the all-terrain vehicle is unable to  
17 present satisfactory evidence that the sales or use tax has  
18 been paid, the county recorder shall collect the tax. On or  
19 before the tenth day of each month, the county recorder shall  
20 remit to the department of revenue the amount of the taxes  
21 collected during the preceding month, together with an itemized  
22 statement on forms furnished by the department of revenue  
23 showing the name of each taxpayer, the make and purchase price  
24 of each all-terrain vehicle, the amount of tax paid, and such  
25 other information as the department of revenue requires.

26       Sec. 36. Section 423.2, subsection 6, paragraph bs, Code  
27 2020, is amended to read as follows:

28       bs. Services arising from or related to installing,  
29 Maintaining, servicing, repairing, operating, upgrading, or  
30 enhancing either specified digital products or software sold  
31 as tangible personal property.

32       Sec. 37. Section 423.2, subsection 8, paragraph d,  
33 subparagraph (1), Code 2020, is amended to read as follows:

34       (1) The retail sale of tangible personal property or  
35 specified digital product and a service, where the tangible

1 personal property or specified digital product is essential  
2 to the use of the service, and is provided exclusively in  
3 connection with the service, and the true object of the  
4 transaction is the service.

5 Sec. 38. Section 423.3, subsection 3A, Code 2020, is amended  
6 to read as follows:

7 3A. The sales price from the sale of a commercial recreation  
8 service offering the opportunity to hunt a preserve whitetail  
9 as defined in section 484C.1 if the sale occurred between July  
10 1, 2005, and December 31, 2015.

11 Sec. 39. Section 423.3, subsection 31, unnumbered paragraph  
12 1, Code 2020, is amended to read as follows:

13 The sales price of tangible personal property or specified  
14 digital products sold to and of services furnished to a tribal  
15 government as defined in 216A.161, or the sales price of  
16 tangible personal property or specified digital products sold  
17 to and of services furnished, and used for public purposes  
18 sold to a tax-certifying or tax-levying body of the state or a  
19 governmental subdivision of the state, including the following:

20 regional transit systems, as defined in section 324A.1;  
21 the state board of regents; department of human services;  
22 state department of transportation; any municipally owned  
23 solid waste facility which sells all or part of its processed  
24 waste as fuel to a municipally owned public utility; and all  
25 divisions, boards, commissions, agencies, or instrumentalities  
26 of state, federal, county, or municipal government, or tribal  
27 government which have no earnings going to the benefit of an  
28 equity investor or stockholder, except any of the following:

29 Sec. 40. Section 423.3, subsection 80, paragraphs b and c,  
30 Code 2020, are amended to read as follows:

31 b. Subject to the limitations in paragraph "c", if a  
32 contractor, subcontractor, or builder is to use building  
33 materials, supplies, and equipment, or services in the  
34 performance of a written construction contract with a  
35 designated exempt entity, the person shall purchase such

1 items of tangible personal property or services without  
2 liability for the tax if such property or services will be  
3 used in the performance of the written construction contract  
4 and a purchasing agent authorization letter and an exemption  
5 certificate, issued by the designated exempt entity, are  
6 presented to the retailer.

7       c. (1) With regard to a written construction contract  
8 with a designated exempt entity described in paragraph "a",  
9 subparagraph (1), the sales price of building materials,  
10 supplies, or equipment, or services is exempt from tax by this  
11 subsection only to the extent the building materials, supplies,  
12 or equipment, or services are completely consumed in the  
13 performance of the construction contract with the designated  
14 exempt entity, and only if the property that is the subject  
15 of the construction project becomes public property or the  
16 property of the designated exempt entity.

17       (2) With regard to a written construction contract with  
18 a designated exempt entity described in paragraph "a",  
19 subparagraph (2), the sales price of building materials,  
20 supplies, or equipment, or services is exempt from tax by this  
21 subsection only to the extent the building materials, supplies,  
22 or equipment, or services are completely consumed in the  
23 performance of a construction contract to construct a project,  
24 as defined in **section 15J.2, subsection 10**, which project has  
25 been approved by the economic development authority board in  
26 accordance with **chapter 15J**.

27       Sec. 41. Section 423.4, subsection 1, Code 2020, is amended  
28 to read as follows:

29       1. a. For purposes of this subsection, a "designated exempt  
30 entity" means any of the following:

31       (1) A private nonprofit educational institution in this  
32 state.

33       (2) A nonprofit Iowa affiliate of a nonprofit international  
34 organization whose primary activity is the promotion of the  
35 construction, remodeling, or rehabilitation of one-family or

1 two-family dwellings for low-income families. 

2       (3) A nonprofit private museum in this state. 

3       (4) A tax-certifying or tax-levying body or governmental  
4 subdivision of the state, including the state board of regents,  
5 state department of human services, state department of  
6 transportation,a.

7       (5) A municipally owned solid waste facility which sells all  
8 or part of its processed waste as fuel to a municipally owned  
9 public utility,and all.

10      (6) The state of Iowa.

11      (7) Any political subdivision of the state.

12      (8) All divisions, boards, commissions, agencies, or  
13 instrumentalities of state, federal, county, or municipal  
14 government which do not have earnings going to the benefit of  
15 an equity investor or stockholder. 

16      (9) A tribal government as defined in section 216A.161,  
17 and any instrumentalities of the tribal government which do  
18 not have earnings going to the benefit of an equity investor  
19 or stockholder.

20      b. A designated exempt entity may make application apply  
21 to the department for the refund of the sales or use tax upon  
22 the sales price of all sales of goods, wares, or merchandise  
23 building materials, supplies, equipment, or from services  
24 furnished to a contractor, used in the fulfillment performance  
25 of a written contract with the state of Iowa, any political  
26 subdivision of the state, or a division, board, commission,  
27 agency, or instrumentality of the state or a political  
28 subdivision, a private nonprofit educational institution in  
29 this state, a nonprofit Iowa affiliate described in this  
30 subsection, or a nonprofit private museum in this state if the  
31 property becomes an integral part of the project under contract  
32 and at the completion of the project becomes public property,  
33 is devoted to educational uses, becomes part of a low-income  
34 one-family or two-family dwelling in the state, or becomes a  
35 nonprofit private museum; except goods, wares, or merchandise,

1 designated exempt entity if all of the following apply:

2     (1) The building materials, supplies, equipment, or  
3 services are completely consumed in the performance of a  
4 construction project with the designated entity.

5     (2) The property that is subject of the construction project  
6 becomes public property or the property of an exempt entity.

7     (3) The building materials, supplies, equipment, or  
8 services furnished which are not used in the performance of  
9 any contract in connection with the operation of any municipal  
10 utility engaged in selling gas, electricity, or heat to  
11 the general public or in connection with the operation of a  
12 municipal pay television system; and ~~except goods, wares, and~~  
13 merchandise are not used in the performance of a contract for a  
14 "project" under chapter 419 as defined in that chapter other  
15 than goods, wares, or merchandise used in the performance of  
16 a contract for a "project" under chapter 419 for which a bond  
17 issue was approved by a municipality prior to July 1, 1968, or  
18 for which the goods, wares, or merchandise becomes an integral  
19 part of the project under contract and at the completion of the  
20 project becomes public property or is devoted to educational  
21 uses.

22     a. c. Such A contractor shall state under oath, on forms  
23 provided by the department, the amount of such sales of goods,  
24 wares, or merchandise, or services furnished and used in the  
25 performance of such contract, and upon which sales or use tax  
26 has been paid, and shall file such forms with the governmental  
27 unit, private nonprofit educational institution, nonprofit Iowa  
28 affiliate, or nonprofit private museum designated exempt entity  
29 which has made any written contract for performance by the  
30 contractor. The forms shall be filed by the contractor with  
31 the governmental unit, educational institution, nonprofit Iowa  
32 affiliate, or nonprofit private museum designated exempt entity  
33 before final settlement is made.

34     b. d. Such governmental unit, educational institution,  
35 nonprofit Iowa affiliate, or nonprofit private museum A

1 designated exempt entity shall, not more than one year after  
2 the final settlement has been made, ~~make application apply~~  
3 to the department for any refund of the amount of the sales  
4 or use tax which shall have been paid upon any ~~goods, wares,~~  
5 ~~or merchandise~~ building materials, supplies, equipment,  
6 or services furnished, the application to be made in the  
7 manner and upon forms to be provided by the department,  
8 and the department shall forthwith audit the claim and, if  
9 approved, issue a warrant to the ~~governmental unit, educational~~  
10 ~~institution, nonprofit Iowa affiliate, or nonprofit private~~  
11 ~~museum~~ designated exempt entity in the amount of the sales or  
12 use tax which has been paid to the state of Iowa under the  
13 contract.

14     e. Refunds authorized under ~~this subsection~~ shall accrue  
15 interest in accordance with ~~section 421.60, subsection 2,~~  
16 paragraph "e".

17     d. f. Any contractor who willfully makes a false report of  
18 tax paid under the provisions of ~~this subsection~~ is guilty of  
19 a simple misdemeanor and in addition shall be liable for the  
20 payment of the tax and any applicable penalty and interest.

21     Sec. 42. Section 423.4, subsection 2, paragraphs a and b,  
22 Code 2020, are amended to read as follows:

23     a. A contractor awarded a contract for a transportation  
24 construction project is considered the consumer of all building  
25 materials, building supplies, and equipment, and services and  
26 shall pay sales tax to the supplier or remit consumer use tax  
27 directly to the department.

28     b. The contractor is not required to file information with  
29 the state department of transportation stating the amount of  
30 ~~goods, wares, or merchandise, or services rendered, furnished,~~  
31 ~~or performed and~~ building materials, supplies, equipment, or  
32 services used in the performance of the contract or the amount  
33 of sales or use tax paid.

34     Sec. 43. Section 423.4, subsection 6, paragraph a,  
35 subparagraph (1), Code 2020, is amended to read as follows:

1       (1) The owner of a collaborative educational facility  
2 in this state may make application to the department for the  
3 refund of the sales or use tax upon the sales price of all sales  
4 of ~~goods, wares, or merchandise~~ building materials, supplies,  
5 equipment, or from services furnished to a contractor, used  
6 in the fulfillment of a written construction contract with  
7 the owner of the collaborative educational facility for the  
8 original construction, or additions or modifications to, a  
9 building or structure to be used as part of the collaborative  
10 educational facility.

11      Sec. 44. Section 423.4, subsection 6, paragraphs b and c,  
12 Code 2020, are amended to read as follows:

13      b. Such A contractor shall state under oath, on forms  
14 provided by the department, the amount of such sales of ~~goods,~~  
15 ~~wares, or merchandise~~ building materials, supplies, equipment,  
16 or services furnished and used in the performance of such  
17 contract, and upon which sales or use tax has been paid, and  
18 shall file such forms with the owner of the collaborative  
19 educational facility which has made any written contract for  
20 performance by the contractor.

21      c. (1) The owner of the collaborative educational facility  
22 shall, not more than one year after the final settlement has  
23 been made, make application to the department for any refund  
24 of the amount of the sales or use tax which shall have been  
25 paid upon any ~~goods, wares, or merchandise~~ building materials,  
26 supplies, equipment, or services furnished, the application  
27 to be made in the manner and upon forms to be provided by  
28 the department, and the department shall forthwith audit the  
29 claim and, if approved, issue a warrant to the owner of the  
30 collaborative educational facility in the amount of the sales  
31 or use tax which has been paid to the state of Iowa under the  
32 contract.

33      (2) Refunds authorized under this subsection shall accrue  
34 interest in accordance with section 421.60, subsection 2,  
35 paragraph "e".

1       Sec. 45. Section 423.5, subsection 1, paragraph b, Code  
2 2020, is amended by striking the paragraph.

3       Sec. 46. Section 423.29, subsection 1, Code 2020, is amended  
4 to read as follows:

5       1. Every seller who is a retailer and who is making taxable  
6 sales of tangible personal property or specified digital  
7 products in Iowa or who is a retailer maintaining a place  
of business in this state making taxable sales of tangible  
personal property or specified digital products shall, at  
10 the time of making the sale, collect the sales tax. Every  
seller who is a retailer that is not otherwise required to  
collect sales tax under the provisions of this chapter and who  
is selling tangible personal property or specified digital  
products for use in Iowa shall, at the time of making the sale,  
whether within or without the state, collect the use tax.  
16 Sellers required to collect sales or use tax shall give to any  
17 purchaser a receipt for the tax collected in the manner and  
18 form prescribed by the director.

19      Sec. 47. Section 423.33, subsection 1, Code 2020, is amended  
20 to read as follows:

21       1. *Liability of purchaser for sales tax and retailer.*

22       a. If a purchaser fails to pay sales tax to the retailer  
23 required to collect the tax, then in addition to all of the  
24 rights, obligations, and remedies provided, the a use tax  
25 is payable by the purchaser directly to the department, and  
26 sections 423.31, **423.32**, **423.37**, **423.38**, **423.39**, **423.40**,  
27 **423.41**, and **423.42** apply to the purchaser.

28       b. For failure to pay the sales or use tax as described  
29 in paragraph "a", the retailer and purchaser are jointly  
30 liable, unless the circumstances described in section 29C.24,  
31 subsection 3, paragraph "a", subparagraph (2), section 421.60,  
32 subsection 2, paragraph "m", **section 423.34A**, or section  
33 423.45, subsection 4, paragraph "b" or "e", or **subsection 5**,  
34 paragraph "c" or "e", are applicable.

35       c. If the retailer fails to collect sales tax at the time

1 of the transaction, the retailer shall thereafter remit the  
2 applicable sales tax, or the purchaser thereafter shall remit  
3 the applicable use tax. If the purchaser remits all applicable  
4 use tax, the retailer remains liable for any local sales and  
5 services tax under chapter 423B that the retailer failed to  
6 collect.

7 Sec. 48. REFUNDS RELATED TO PRESERVE WHITETAIL DEER  
8 HUNTING. Refunds of taxes, interest, or penalties that arise  
9 from claims resulting from the amendment of section 423.3,  
10 subsection 3A, for sales occurring between July 1, 2005,  
11 and the effective date of the amendment to section 423.3,  
12 subsection 3A, shall not be allowed, notwithstanding any other  
13 law to the contrary.

14 Sec. 49. LEGISLATIVE INTENT.

15 1. It is the intent of the general assembly that the section  
16 of this division of this Act amending section 423.29 is a  
17 conforming amendment consistent with current state law, and  
18 that the amendment does not change the application of current  
19 law but instead reflects current law both before and after the  
20 enactment of this division of this Act.

21 2. It is the intent of the general assembly that the  
22 addition of "jointly" in the section of this division of  
23 this Act amending section 423.33 is a conforming amendment  
24 consistent with current state law, and that the amendment  
25 does not change the application of current law but instead  
26 reflects current law both before and after the enactment of  
27 this division of this Act.

28 Sec. 50. EFFECTIVE DATE. The following, being deemed of  
29 immediate importance, take effect upon enactment:

30 1. The section of this division of this Act amending section  
31 423.3, subsection 3A.

32 2. The section of this division of this Act relating  
33 to refunds for commercial recreation services offering an  
34 opportunity to hunt preserve whitetail deer.

35 Sec. 51. RETROACTIVE APPLICABILITY. The following applies

1 retroactively to July 1, 2005:

2 The section of this division of this Act amending section  
3 423.3, subsection 3A.

### DIVISION III

## INCOME TAX

6 Sec. 52. Section 422.9, subsection 3, paragraph c, Code  
7 2020, is amended by striking the paragraph and inserting in  
8 lieu thereof the following:

9     c. A taxpayer may elect to waive the entire carryback period  
10 with respect to an Iowa net operating loss for any taxable year  
11 beginning on or after January 1, 2020. The election shall be  
12 made in the manner and form prescribed by the department, and  
13 shall be made by the due date for filing the taxpayer's Iowa  
14 return, including extensions of time. After the election is  
15 made for any taxable year, the election shall be irrevocable  
16 for such taxable year. When an election has been properly  
17 made, the Iowa net operating loss shall be carried forward  
18 twenty taxable years.

19 Sec. 53. Section 422.9, subsection 3, paragraph d, Code  
20 2020, is amended to read as follows:

21       d. Notwithstanding paragraph "a", for a taxpayer who is  
22 engaged in the trade or business of farming, which means the  
23 same as a "*farming business*" as defined in section 263A(e)(4) of  
24 the Internal Revenue Code, and has a farming loss from farming  
25 as defined in section 172(b)(1)(B) of the Internal Revenue Code  
26 including modifications prescribed by rule by the director,  
27 the Iowa farming loss from the trade or business of farming is  
28 a net operating loss which may, at the time of the election of  
29 the taxpayer, be carried back five taxable years prior to the  
30 taxable year of the loss. The election shall be made in the  
31 manner and form prescribed by the department, and shall be made  
32 by the due date for filing the taxpayer's return, including  
33 extensions of time. After the election is made for any taxable  
34 year, the election shall be irrevocable for such taxable year.

35 Sec. 54. APPLICABILITY. This division of this Act applies

1 to tax years beginning on or after January 1, 2020.

2 DIVISION IV

3 RESEARCH ACTIVITIES CREDIT

4 Sec. 55. Section 15.335, subsection 4, paragraph a, Code  
5 2020, is amended to read as follows:

6 a. In lieu of the credit amount computed in subsection 2, an  
7 eligible business may elect to compute the credit amount for  
8 qualified research expenses incurred in this state in a manner  
9 consistent with the alternative simplified credit described in  
10 section ~~41(e)(5)~~ 41(c)(4) of the Internal Revenue Code. The  
11 taxpayer may make this election regardless of the method used  
12 for the taxpayer's federal income tax. The election made under  
13 this paragraph is for the tax year and the taxpayer may use  
14 another or the same method for any subsequent year.

15 Sec. 56. Section 15.335, subsection 4, paragraph b,  
16 unnumbered paragraph 1, Code 2020, is amended to read as  
17 follows:

18 For purposes of the alternate credit computation method in  
19 paragraph "a", the credit percentages applicable to qualified  
20 research expenses described in section ~~41(e)(5)(A)~~ 41(c)(4)(A)  
21 and clause (ii) of section ~~41(e)(5)(B)~~ 41(c)(4)(B) of the  
22 Internal Revenue Code are as follows:

23 Sec. 57. Section 422.10, subsection 1, paragraphs c and d,  
24 Code 2020, are amended to read as follows:

25 c. In lieu of the credit amount computed in paragraph "b",  
26 subparagraph (1), subparagraph division (a), a taxpayer may  
27 elect to compute the credit amount for qualified research  
28 expenses incurred in this state in a manner consistent with the  
29 alternative simplified credit described in section ~~41(e)(5)~~  
30 41(c)(4) of the Internal Revenue Code. The taxpayer may make  
31 this election regardless of the method used for the taxpayer's  
32 federal income tax. The election made under this paragraph is  
33 for the tax year and the taxpayer may use another or the same  
34 method for any subsequent year.

35 d. For purposes of the alternate credit computation

1 method in paragraph "c", the credit percentages applicable to  
2 qualified research expenses described in section 41(e)(5)(A)  
3 41(c)(4)(A) and clause (ii) of section 41(e)(5)(B) 41(c)(4)(B)  
4 of the Internal Revenue Code are four and fifty-five  
5 hundredths percent and one and ninety-five hundredths percent,  
6 respectively.

7 Sec. 58. Section 422.33, subsection 5, paragraphs c and d,  
8 Code 2020, are amended to read as follows:

9       c. In lieu of the credit amount computed in paragraph  
10 "a", subparagraph (1), a corporation may elect to compute the  
11 credit amount for qualified research expenses incurred in this  
12 state in a manner consistent with the alternative simplified  
13 credit described in section 41(e)(5) 41(c)(4) of the Internal  
14 Revenue Code. The taxpayer may make this election regardless  
15 of the method used for the taxpayer's federal income tax. The  
16 election made under this paragraph is for the tax year and the  
17 taxpayer may use another or the same method for any subsequent  
18 year.

19       d. For purposes of the alternate credit computation  
20 method in paragraph "c", the credit percentages applicable to  
21 qualified research expenses described in section 41(c)(5)(A)  
22 41(c)(4)(A) and clause (ii) of section ~~41(e)(5)(B)~~ 41(c)(4)(B)  
23 of the Internal Revenue Code are four and fifty-five  
24 hundredths percent and one and ninety-five hundredths percent,  
25 respectively.

26 Sec. 59. EFFECTIVE DATE. This division of this Act, being  
27 deemed of immediate importance, takes effect upon enactment.

28 Sec. 60. RETROACTIVE APPLICABILITY. This division of this  
29 Act applies retroactively to January 1, 2019, for tax years  
30 beginning on or after that date.

## DIVISION V

32 PARTNERSHIP AND PASS-THROUGH ENTITY AUDITS AND REPORTING OF  
33 FEDERAL ADJUSTMENTS

34 Sec. 61. Section 421.27, subsection 2, paragraph c, Code  
35 2020, is amended to read as follows:

1       c. (1) The Except in the case of a final federal  
2 partnership adjustment governed by subparagraph (2), the  
3 taxpayer provides written notification to the department of a  
4 federal audit while it is in progress and voluntarily files an  
5 amended return which includes a copy of the federal document  
6 showing the final disposition or final federal adjustments  
7 and pays any additional Iowa tax due within sixty one hundred  
8 eighty days of the final disposition determination date of the  
9 federal government's audit. For purposes of this subparagraph,  
10 "final determination date" means the same as defined in section  
11 422.25.

12       (2) (a) In the case of a final federal partnership  
13 adjustment arising from a partnership level audit, with respect  
14 to the audited partnership or a direct partner or indirect  
15 partner of the audited partnership, the audited partnership,  
16 direct partner, or indirect partner voluntarily and timely  
17 complies with its reporting and payment requirements under  
18 section 422.25A, subsection 4 or 5.

19       (b) As used in this subparagraph, all words and phrases  
20 defined in section 422.25A shall have the same meaning given  
21 them by that section.

22       Sec. 62. Section 422.7, Code 2020, is amended by adding the  
23 following new subsection:

24       **NEW SUBSECTION.** 59. Any income subtracted from federal  
25 taxable income for an adjustment year pursuant to section 6225  
26 of the Internal Revenue Code and the regulations thereunder  
27 shall be added back in computing net income for state tax  
28 purposes for the adjustment year.

29       Sec. 63. Section 422.25, subsections 1 and 2, Code 2020,  
30 are amended by striking the subsections and inserting in lieu  
31 thereof the following:

32       1. a. For purposes of this subsection:

33       (1) "Federal adjustment" means a change to an item or amount  
34 required to be determined under the Internal Revenue Code and  
35 the regulations thereunder that is used by the taxpayer to

1 compute state tax owed whether such change results from action  
2 by the internal revenue service, or the filing of a timely  
3 amended federal return or timely federal refund claim. A  
4 federal adjustment is positive to the extent that it increases  
5 Iowa taxable income as determined under this title and is  
6 negative to the extent that it decreases Iowa taxable income  
7 as determined under this title.

8       (2) "*Federal adjustments report*" means the method or form  
9 required by the department by rule to report final federal  
10 adjustments or final federal partnership adjustments as defined  
11 in section 422.25A, and in the case of any entity taxed as a  
12 partnership or S corporation for federal income tax purposes,  
13 identifies all owners that hold an interest directly in such  
14 entity and provides the effect of the final federal adjustments  
15 on such owner's Iowa income.

16       (3) "*Final determination date*" means the following:

17       (a) Except as provided in subparagraph divisions (b) and  
18 (c), for federal adjustments arising from an internal revenue  
19 service audit or other action by the internal revenue service,  
20 the final determination date is the first day on which no  
21 federal adjustments arising from that audit or other action  
22 remain to be finally determined, whether by internal revenue  
23 service decision with respect to which all rights of appeal  
24 have been waived or exhausted, by agreement, or, if appealed  
25 or contested, by a final decision with respect to which all  
26 rights of appeal have been waived or exhausted. For agreements  
27 required to be signed by the internal revenue service and the  
28 taxpayer, the final determination date is the date on which the  
29 last party signed the agreement.

30       (b) For federal adjustments arising from an internal  
31 revenue service audit or other action by the internal revenue  
32 service, if the taxpayer filed as a member of a consolidated  
33 return under section 422.37, the final determination date  
34 is the first day on which no related federal adjustments  
35 arising from that audit or other action remain to be finally

1 determined, as described in subparagraph division (a), for the  
2 entire group.

3       (c) For federal adjustments arising from a timely filed  
4 amended federal return or a timely filed federal refund  
5 claim, or if it is a federal adjustment reported on a timely  
6 amended federal return or other similar report filed pursuant  
7 to section 6225(c) of the Internal Revenue Code, the final  
8 determination date is the day on which the amended return,  
9 refund claim, or other similar report was filed.

10      (4) "*Final federal adjustment*" means a federal adjustment  
11 after the final determination date for that federal adjustment  
12 has passed.

13       b. Within three years after the return is filed or within  
14 three years after the return became due, including any  
15 extensions of time for filing, whichever time is the later,  
16 the department shall examine the return and determine the tax.  
17 However, if the taxpayer omits from income an amount which  
18 will, under the Internal Revenue Code, extend the statute of  
19 limitations for assessment of federal tax to six years under  
20 the federal law, the period for examination and determination  
21 is six years.

22       c. The period for examination and determination of the  
23 correct amount of tax is unlimited in the case of a false or  
24 fraudulent return made with the intent to evade tax or in the  
25 case of a failure to file a return.

26       d. In lieu of the period of limitation for any prior year  
27 for which an overpayment of tax or an elimination or reduction  
28 of an underpayment of tax due for that prior year results from  
29 the carryback to that prior year of a net operating loss or  
30 net capital loss, the period is the period of limitation for  
31 the taxable year of the net operating loss or net capital loss  
32 which results in the carryback.

33       e. (1) In addition to the applicable period of limitation  
34 for examination and determination in paragraph "b", "c", or "d",  
35 the department may make an examination and determination at any

1 time within one year from the date of receipt by the department  
2 of a federal adjustments report with respect to a final  
3 federal adjustment or final federal partnership adjustment  
4 as defined in section 422.25A for a particular tax year. In  
5 order to begin the running of the one-year period, the federal  
6 adjustments report related to the final federal adjustment or  
7 final federal partnership adjustment shall be transmitted to  
8 the department by the taxpayer in the form and manner specified  
9 by the department by rule.

10 (2) The department in its discretion may adopt rules to  
11 establish a de minimis amount for which subparagraph (1) shall  
12 not apply and the taxpayer shall not be required to file a  
13 federal adjustments report.

14 (3) The department may in its discretion and when  
15 administratively feasible adopt a process through rule by  
16 which a taxpayer may make estimated payments of tax expected  
17 to result from a pending internal revenue service audit  
18 prior to the filing of a federal adjustments report with the  
19 department. The process shall provide that the estimated  
20 tax payments shall be credited against any tax liability  
21 ultimately found to be due to the state from the internal  
22 revenue service audit and will limit the accrual of further  
23 statutory interest on that liability. The process shall also  
24 provide that if the estimated tax payments exceed the final  
25 tax liability and statutory interest ultimately determined to  
26 be due, the taxpayer is entitled to a refund or credit for  
27 the excess, without interest, provided the taxpayer files a  
28 federal adjustments report, or a claim for refund or credit of  
29 tax under section 422.73, no later than one year following the  
30 final determination date.

31 2. a. If the tax found due under subsection 1 is greater  
32 than the amount paid, the department shall compute the amount  
33 due, together with interest and penalties as provided in  
34 paragraph "b", and shall mail a notice of assessment to the  
35 taxpayer and, if applicable, to the taxpayer's authorized

1 representative of the total, which shall be computed as a sum  
2 certain, with interest computed to the last day of the month  
3 in which the notice is dated.

4       b. In addition to the tax or additional tax determined  
5 by the department under subsection 1, the taxpayer shall pay  
6 interest on the tax or additional tax at the rate in effect  
7 under section 421.7 for each month counting each fraction of  
8 a month as an entire month, computed from the date the return  
9 was required to be filed. In addition to the tax or additional  
10 tax, the taxpayer shall pay a penalty as provided in section  
11 421.27.

12       Sec. 64. NEW SECTION. 422.25A Reporting and treatment of  
13 certain partnership adjustments.

14       1. *Definitions.* As used in this section and sections  
15 422.25B and 422.25C, unless the context otherwise requires:

16       a. "*Administrative adjustment request*" means the same as  
17 provided in section 6227 of the Internal Revenue Code.

18       b. "*Audited partnership*" means a partnership subject  
19 to a final federal partnership adjustment resulting from a  
20 partnership level audit.

21       c. "*C corporation*" means an entity that elects or is  
22 required to be taxed as a corporation under title 26, chapter  
23 1, subchapter A, part 2, of the Internal Revenue Code.

24       d. "*Corporate partner*" means a C corporation partner that is  
25 subject to tax pursuant to section 422.33.

26       e. "*Direct partner*" means a person that holds an interest  
27 directly in a partnership or pass-through entity.

28       f. "*Exempt partner*" means a partner that is exempt from  
29 taxation pursuant to section 422.34.

30       g. "*Federal adjustments report*" means the same as defined  
31 in section 422.25.

32       h. "*Federal partnership adjustment*" means a change to an  
33 item or amount required to be determined under the Internal  
34 Revenue Code and the regulations thereunder that is used by a  
35 partnership and its direct and indirect partners to compute

1 state tax owed for the reviewed year where such change results  
2 from a partnership level audit or an administrative adjustment  
3 request. A federal partnership adjustment is positive to the  
4 extent that it increases Iowa taxable income as determined  
5 under this title and is negative to the extent that it  
6 decreases Iowa taxable income as determined under this title.  
7 A federal adjustment reported on an amended federal return  
8 or other similar report filed pursuant to section 6225(c) of  
9 the Internal Revenue Code shall not be considered a federal  
10 partnership adjustment for purposes of this section.

11       *i.* "Federal partnership representative" means the person  
12 the partnership designates for the taxable year as the  
13 partnership's representative, or the person the internal  
14 revenue service has appointed to act as the federal partnership  
15 representative, pursuant to section 6223(a) of the Internal  
16 Revenue Code and the regulations thereunder.

17       *j.* "Fiduciary partner" means a partner that is a fiduciary  
18 that is subject to tax pursuant to sections 422.5 and 422.6.

19       *k.* "Final determination date" means any one of the following  
20 dates:

21       (1) In the case of a federal partnership adjustment that  
22 arises from a partnership level audit, the first day on which  
23 no federal adjustments arising from that audit remain to be  
24 finally determined, whether by agreement, or, if appealed  
25 or contested, by a final decision with respect to which all  
26 rights of appeal have been waived or exhausted. For agreements  
27 required to be signed by the internal revenue service and the  
28 audited partnership, the final determination date is the date  
29 on which the last party signed the agreement.

30       (2) In the case of a federal partnership adjustment that  
31 results from a timely filed administrative adjustment request,  
32 the day on which the administrative adjustment request was  
33 filed with the internal revenue service.

34       *1.* "Final federal partnership adjustment" means a federal  
35 partnership adjustment after the final determination date for

1 that federal partnership adjustment has passed.

2       *m.* "Indirect partner" means a partner in a partnership or  
3 pass-through entity where such partnership or pass-through  
4 entity itself holds an interest directly, or through another  
5 indirect partner, in a partnership or pass-through entity.

6       *n.* "Individual partner" means a partner who is a natural  
7 person that is subject to tax pursuant to section 422.5.

8       *o.* "Nonresident partner" means a partner that is not a  
9 resident partner as defined in this subsection.

10      *p.* "Partner" means a person that holds an interest, directly  
11 or indirectly, in a partnership or pass-through entity.

12      *q.* "Partnership" means an entity subject to taxation  
13 under subchapter K of the Internal Revenue Code and the  
14 regulations thereunder and includes but is not limited to a  
15 syndicate, group, pool, joint venture, or other unincorporated  
16 organization through or by means of which any business,  
17 financial operation, or venture is carried on and which is  
18 not, within the meaning of this chapter, a trust, estate, or  
19 corporation.

20      *r.* "Partnership level audit" means an examination by the  
21 internal revenue service at the partnership level pursuant to  
22 subchapter C, title 26, subtitle F, chapter 63, of the Internal  
23 Revenue Code, as enacted by the Bipartisan Budget Act of 2015,  
24 Pub. L. No. 114-74, and as amended, which results in final  
25 federal partnership adjustments initiated and made by the  
26 internal revenue service.

27      *s.* "Pass-through entity" means an entity, other than  
28 a partnership, that is not subject to tax under section  
29 422.33 for C corporations but excluding an exempt partner.

30      *Pass-through entity* includes but is not limited to S  
31 corporations, estates, and trusts other than grantor trusts.

32      *t.* "Reallocation adjustment" means a final federal  
33 partnership adjustment that changes the shares of items of  
34 partnership income, gain, loss, expense, or credit allocated  
35 to a partner that holds an interest directly in a partnership

1 or pass-through entity. A positive reallocation adjustment  
2 means the portion of a reallocation adjustment that would  
3 increase Iowa taxable income for such partners, and a negative  
4 reallocation adjustment means the portion of a reallocation  
5 adjustment that would decrease Iowa taxable income for such  
6 partners.

7       *u.* "Resident partner" means any of the following:

8           (1) For an individual partner, a "resident" as defined in  
9 section 422.4.

10          (2) For a fiduciary partner, one with situs in Iowa.

11          (3) For all other partners, a partner whose headquarters or  
12 principal place of business is located in Iowa.

13        *v.* "Reviewed year" means the taxable year of a partnership  
14 that is subject to a partnership level audit from which final  
15 federal partnership adjustments arise, or otherwise means the  
16 taxable year of the partnership or pass-through entity that is  
17 the subject of a state partnership audit.

18        *w.* "State partnership audit" means an examination by the  
19 director at the partnership or pass-through entity level which  
20 results in adjustments to partnership or pass-through entity  
21 related items or reallocations of income, gains, losses,  
22 expenses, credits, and other attributes among such partners for  
23 the reviewed year.

24        *x.* "Tiered partner" means any partner that is a partnership  
25 or pass-through entity.

26        *y.* "Unrelated business income" means the income which is  
27 defined in section 512 of the Internal Revenue Code and the  
28 regulations thereunder.

29       2. *Application.* Partnerships and their direct partners  
30 and indirect partners shall report final federal partnership  
31 adjustments as provided in this section.

32       3. *State partnership representative.* Notwithstanding any  
33 other law to the contrary, the state partnership representative  
34 for the reviewed year shall have the sole authority to act on  
35 behalf of the partnership or pass-through entity with respect

1 to an action required or permitted to be taken by a partnership  
2 or pass-through entity under this section or section 422.28 or  
3 422.29 with respect to final federal partnership adjustments  
4 arising from a partnership level audit or an administrative  
5 adjustment request, and its direct partners and indirect  
6 partners shall be bound by those actions.

7       *4. Reporting and payment requirements for audited  
8 partnerships and their partners subject to final federal  
9 partnership adjustments.*

10      *a.* Unless an audited partnership makes the election in  
11 subsection 5, the audited partnership shall do all of the  
12 following for all final federal partnership adjustments no  
13 later than ninety days after the final determination date of  
14 the audited partnership:

15       (1) File a completed federal adjustments report.  
16       (2) Notify each direct partner of such partner's  
17 distributive share of the adjustments in the manner and form  
18 prescribed by the department by rule.

19       (3) File an amended composite return under section 422.13  
20 if one was originally filed, and if applicable for withholding  
21 from partners, file an amended withholding report under  
22 section 422.16, and pay the additional amount under this title  
23 that would have been due had the final federal partnership  
24 adjustments been reported properly as required, including any  
25 applicable interest and penalties.

26      *b.* Unless an audited partnership paid an amount on behalf  
27 of the direct partners of the audited partnership pursuant to  
28 subsection 5, all direct partners of the audited partnership  
29 shall do all of the following no later than one hundred  
30 eighty days after the final determination date of the audited  
31 partnership:

32       (1) File a completed federal adjustments report reporting  
33 the direct partner's distributive share of the adjustments  
34 required to be reported to such partners under paragraph "a".  
35       (2) If the direct partner is a tiered partner, notify all

1 partners that hold an interest directly in the tiered partner  
2 of such partner's distributive share of the adjustments in the  
3 manner and form prescribed by the department by rule.

4 (3) If the direct partner is a tiered partner and subject to  
5 section 422.13, file an amended composite return under section  
6 422.13 if such return was originally filed, and if applicable  
7 for withholding from partners file an amended withholding  
8 report under section 422.16 if one was originally required to  
9 be filed.

10 (4) Pay any additional amount under this title that would  
11 have been due had the final federal partnership adjustments  
12 been reported properly as required, including any applicable  
13 penalty and interest.

14 c. Unless a partnership or tiered partner paid an amount on  
15 behalf of the partners pursuant to subsection 5, each indirect  
16 partner shall do all of the following:

17 (1) Within ninety days after the time for filing and  
18 furnishing statements to tiered partners and their partners  
19 as established by section 6226 of the Internal Revenue Code  
20 and the regulations thereunder, file a completed federal  
21 adjustments report.

22 (2) If the indirect partner is a tiered partner, within  
23 ninety days after the time for filing and furnishing statements  
24 to tiered partners and their partners as established by  
25 section 6226 of the Internal Revenue Code and the regulations  
26 thereunder but within sufficient time for all indirect partners  
27 to also complete the requirements of this subsection, notify  
28 all of the partners that hold an interest directly in the  
29 tiered partner of such partner's distributive share of the  
30 adjustments in the manner and form prescribed by the department  
31 by rule.

32 (3) Within ninety days after the time for filing and  
33 furnishing statements to tiered partners and their partners  
34 as established by section 6226 of the Internal Revenue Code  
35 and the regulations thereunder, if the indirect partner

1 is a tiered partner and subject to section 422.13, file an  
2 amended composite return under section 422.13 if such return  
3 was originally filed, and if applicable for withholding from  
4 partners, file an amended withholding report under section  
5 422.16 if one was originally required to be filed.

6 (4) Within ninety days after the time for filing and  
7 furnishing statements to tiered partners and the partners of  
8 the tiered partners as established by section 6226 of the  
9 Internal Revenue Code and the regulations thereunder, pay any  
10 additional amount due under this title, including any penalty  
11 and interest that would have been due had the final federal  
12 partnership adjustments been reported properly as required.

13 5. *Election for partnership or tiered partners to pay.*

14 a. An audited partnership, or a tiered partner that receives  
15 a notification of a final federal partnership adjustment under  
16 subsection 4, may make an election to pay as provided under  
17 this subsection.

18 b. An audited partnership or tiered partner makes an  
19 election to pay under this subsection by filing a completed  
20 federal adjustments report, notifying the department in the  
21 manner and form prescribed by the department that it is making  
22 the election under this subsection, notifying each of the  
23 direct partners of such partner's distributive share of the  
24 adjustments, and paying on behalf of its partners an amount  
25 calculated in paragraph "c", including any applicable penalty  
26 and interest. These requirements shall all be fulfilled within  
27 one of the following time periods:

28 (1) For the audited partnership, no later than ninety days  
29 after the final determination date of the audited partnership.

30 (2) For a direct tiered partner, no later than one hundred  
31 eighty days after the final determination date of the audited  
32 partnership.

33 (3) For an indirect tiered partner, within ninety days  
34 after the time for filing and furnishing statements to a  
35 tiered partner and the partner of the tiered partner, as

1 established by section 6226 of the Internal Revenue Code and  
2 the regulations thereunder.

3       c. The amount due under this subsection from an audited  
4 partnership or tiered partner shall be calculated as follows:

5           (1) Exclude from final federal partnership adjustments and  
6 any positive reallocation adjustments the distributive share  
7 of such adjustments reported to an exempt partner that holds  
8 an interest directly in the audited partnership if the audited  
9 partnership is making the election or that holds an interest  
10 directly in the tiered partner if the tiered partner is making  
11 the election, but only to the extent the distributive share is  
12 not unrelated business income.

13          (2) Determine the total distributive share of all final  
14 federal partnership adjustments and positive reallocation  
15 adjustments as modified by this title that are reported to  
16 corporate partners, and to exempt partners to the extent the  
17 distributive share is unrelated business income, and allocate  
18 and apportion such adjustments as provided in section 422.33  
19 at the partnership or tiered partner level, and multiply the  
20 resulting amount by the maximum state corporate income tax rate  
21 pursuant to section 422.33 for the reviewed year.

22          (3) Determine the total distributive share of all final  
23 federal partnership adjustments and positive reallocation  
24 adjustments as modified by this title that are reported to  
25 nonresident individual partners and nonresident fiduciary  
26 partners and allocate and apportion such adjustments as  
27 provided in section 422.33 at the partnership or tiered  
28 partner level, and multiply the resulting amount by the maximum  
29 individual income tax rate pursuant to section 422.5A for the  
30 reviewed year.

31          (4) For the total distributive share of all final federal  
32 partnership adjustments and positive reallocation adjustments  
33 as modified by this title that are reported to tiered partners:

34           (a) Determine the amount of such adjustments which are of a  
35 type that would be subject to sourcing to Iowa under section

1 422.8, subsection 2, paragraph "a", as a nonresident, and then  
2 determine the portion of this amount that would be sourced to  
3 Iowa under those provisions as if the tiered partner were a  
4 nonresident.

5 (b) Determine the amount of such adjustments which are of  
6 a type that would not be subject to sourcing to Iowa under  
7 section 422.8, subsection 2, paragraph "a", as a nonresident.

8 (c) Determine the portion of the amount in subparagraph  
9 division (b) that can be established, as prescribed by the  
10 department by rule, to be properly allocable to indirect  
11 partners that are nonresident partners or other partners not  
12 subject to tax on the adjustments.

13 (d) Multiply the total of the amounts determined in  
14 subparagraph divisions (a) and (b), reduced by any amount  
15 determined in subparagraph division (c), by the highest  
16 individual income tax rate pursuant to section 422.5A for the  
17 reviewed year.

18 (5) For the total distributive share of all final federal  
19 partnership adjustments and positive reallocation adjustments  
20 as modified by this title that are reported to resident  
21 individual partners and resident fiduciary partners, multiply  
22 that amount by the highest individual income tax rate pursuant  
23 to section 422.5A for the reviewed year.

24 (6) Total the amounts computed pursuant to subparagraphs  
25 (2) through (5) and calculate any interest and penalty as  
26 provided under this title. Notwithstanding any provision of  
27 law to the contrary, interest and penalties on the amount due  
28 by the audited partnership or tiered partner shall be computed  
29 from the day after the due date of the reviewed year return  
30 without extension, and shall be imposed as if the audited  
31 partnership or tiered partner was required to pay tax or show  
32 tax due on the original return for the reviewed year.

33 d. Adjustments subject to the election in this subsection  
34 do not include any adjustments arising from an administrative  
35 adjustment request.

1       e. An audited partnership or tiered partner not otherwise  
2 subject to any reporting or payment obligation to Iowa that  
3 makes an election under this subsection consents to be subject  
4 to the Iowa laws related to reporting, assessment, collection,  
5 and payment of Iowa tax, interest, and penalties calculated  
6 under the election.

7       6. *Modified reporting and payment method.* The department may  
8 adopt procedures for an audited partnership or tiered partner  
9 to enter into an agreement with the department to use an  
10 alternative reporting and payment method, including applicable  
11 time requirements or any other provision of this section. The  
12 audited partnership or tiered partner must demonstrate that  
13 the requested method will reasonably provide for the reporting  
14 and payment of taxes, penalties, and interest due under the  
15 provisions of this section. Application for approval of an  
16 alternative reporting and payment method must be made by the  
17 audited partnership or tiered partner within the time for  
18 making an election to pay under subsection 5 and in the manner  
19 prescribed by the department. Approval of such an alternative  
20 reporting and payment method shall be at the discretion of the  
21 department.

22       7. *Effect of election by partnership or tiered partner and  
23 payment of amount due.*

24       a. The election made under subsection 5 is irrevocable,  
25 unless in the discretion of the director, the director  
26 determines otherwise.

27       b. The amount determined in subsection 5, when properly  
28 reported and paid by the audited partnership or tiered partner,  
29 shall be treated as paid on behalf of the partners of such  
30 audited partnership or tiered partner on the same final federal  
31 partnership adjustments, provided, however, that no partner may  
32 take any deduction or credit for the amount, claim a refund of  
33 the amount, or include the amount on such partner's Iowa return  
34 in any manner.

35       c. In the event another state offers to an audited

1 partnership or tiered partner a similar election to pay state  
2 tax resulting from final federal partnership adjustments,  
3 nothing in this subsection shall prohibit a resident who holds  
4 an interest directly in that audited partnership or tiered  
5 partner, as the case may be, from claiming a credit for taxes  
6 paid by the resident to another state under section 422.8,  
7 subsection 1, for any amounts paid by the audited partnership  
8 or tiered partner on such resident partner's behalf to another  
9 state, provided such payment otherwise meets the requirements  
10 of section 422.8, subsection 1.

11       d. Nothing in this section shall prohibit the department  
12 from assessing direct partners and indirect partners for taxes  
13 they owe in the event that an audited partnership or tiered  
14 partner fails to timely make any report or payment required by  
15 this section for any reason.

16       8. *Assessments of additional Iowa income tax, interest, and*  
17 *penalties, and claims for refund, arising from final federal*  
18 *partnership adjustments.*

19       a. The department shall assess additional Iowa income  
20 tax, interest, and penalties arising from final federal  
21 partnership adjustments in the same manner as provided in  
22 this title unless a different treatment is provided by this  
23 subsection. Since final federal partnership adjustments are  
24 determined at the audited partnership level, any assessment  
25 issued to partners shall not be appealable by the partner.  
26 The department may assess any taxes, including on-behalf-of  
27 amounts, interest, and penalties arising from the final federal  
28 partnership adjustments if it issues a notice of assessment to  
29 the audited partnership, tiered partner, or other direct or  
30 indirect partner on or before the expiration of the applicable  
31 limitations period specified in section 422.25.

32       b. In addition to the period for claiming a refund or credit  
33 provided in section 422.73, subsection 1, paragraph "a", and  
34 notwithstanding section 422.73, subsection 1, paragraph "b",  
35 a partnership, tiered partner, or other direct or indirect

1 partner, as the case may be, may file a claim for refund of  
2 Iowa income tax arising directly or indirectly from a final  
3 federal partnership adjustment arising from a partnership level  
4 audit on or before the date which is one year from the date the  
5 federal adjustments report for that final federal partnership  
6 adjustment was required to be filed by such person under this  
7 section.

8       9. *Rules.* The department may adopt any rules pursuant to  
9 chapter 17A to implement this section.

10      10. **Sec. 65. NEW SECTION. 422.25B State partnership  
11 representative.**

12      1. As used in this section, all words and phrases defined  
13 in section 422.25A shall have the same meaning given them by  
14 that section.

15      2. The state partnership representative for the reviewed  
16 year for a partnership shall be the partnership's federal  
17 partnership representative with respect to an action required  
18 or permitted to be taken by a state partnership representative  
19 under this chapter for a reviewed year, unless the partnership  
20 designates in writing another person as the state partnership  
21 representative as provided in subsection 3. The state  
22 partnership representative for the reviewed year for a  
23 pass-through entity is the person designated in subsection 3.

24      3. The department may establish reasonable qualifications  
25 for a person to be a state partnership representative. If  
26 a partnership desires to designate a person other than the  
27 federal partnership representative, the partnership shall  
28 designate such person in the manner and form prescribed by the  
29 department. A pass-through entity shall designate a person as  
30 the state partnership representative in the manner and form  
31 prescribed by the department. A partnership or pass-through  
32 entity shall be allowed to change such designation by notifying  
33 the department at the time the change occurs in the manner and  
34 form prescribed by the department.

35      4. The department may adopt any rules pursuant to chapter

1 17A to implement this section.

2       Sec. 66. NEW SECTION. 422.25C Partnership and pass-through  
3 entity audits and examinations — consistent treatment of  
4 entity-level items — binding actions — amended returns.

5       1. As used in this section, all words and phrases defined  
6 in section 422.25A shall have the same meaning given them by  
7 that section.

8       2. For tax years beginning on or after January 1, 2020, any  
9 adjustments to a partnership's or pass-through entity's items  
10 of income, gain, loss, expense, or credit, or an adjustment  
11 to such items allocated to a partner that holds an interest  
12 in a partnership or pass-through entity for the reviewed year  
13 by the department as a result of a state partnership audit,  
14 shall be determined at the partnership level or pass-through  
15 entity level in the same manner as provided by section 6221(a)  
16 of the Internal Revenue Code and the regulations thereunder  
17 unless a different treatment is specifically provided in this  
18 title. The provisions of sections 6222, 6223, and 6227 of the  
19 Internal Revenue Code and the regulations thereunder shall also  
20 apply to a partnership or pass-through entity and its direct  
21 or indirect partners in the same manner as provided in such  
22 sections unless a different treatment is specifically provided  
23 in this title. For purposes of applying such sections, due  
24 account shall be made for differences in federal and Iowa  
25 terminology. The adjustment provided by section 6221(a) of  
26 the Internal Revenue Code shall be determined as provided in  
27 such section but shall be based on Iowa taxable income or  
28 other tax attributes of the partnership as determined pursuant  
29 to this chapter for the reviewed year. The department shall  
30 issue a notice of adjustment to the partnership or pass-through  
31 entity. Such notice shall be treated as an assessment for  
32 the purposes of section 422.25, and the notice shall be  
33 appealable by the partnership or pass-through entity pursuant  
34 to sections 422.28 and 422.29 and shall be issued within the  
35 time period provided by section 422.25. Once the adjustments

1 to partnership-related or pass-through entity-related items or  
2 reallocations of income, gains, losses, expenses, credits, and  
3 other attributes among such partners for the reviewed year are  
4 finally determined, the partnership or pass-through entity and  
5 any direct partners or indirect partners shall then be subject  
6 to the provisions of section 422.25, subsection 1, paragraph  
7 "e", and section 422.25A in the same manner as if the state  
8 partnership audit were a federal partnership level audit, and  
9 as if the final state partnership audit adjustment were a final  
10 federal partnership adjustment. The penalty exceptions in  
11 section 421.27, subsection 2, paragraphs "b" and "c", shall not  
12 apply to a state partnership audit.

13       3. The state partnership representative for the reviewed  
14 year as determined under section 422.25B shall have the sole  
15 authority to act on behalf of the partnership or pass-through  
16 entity with respect to an action required or permitted to  
17 be taken by a partnership or pass-through entity under this  
18 section, including proceedings under section 422.28 or 422.29,  
19 and the partnership's or pass-through entity's direct partners  
20 and indirect partners shall be bound by those actions.

21       4. If the department, the partnership or pass-through  
22 entity, and the partnership or pass-through entity owners  
23 agree, the provisions of this section may be applied to tax  
24 years beginning before January 1, 2020.

25       5. The department may adopt rules pursuant to chapter 17A to  
26 implement this section.

27       Sec. 67. Section 422.35, Code 2020, is amended by adding the  
28 following new subsection:

29       NEW SUBSECTION. 26. Any income subtracted from federal  
30 taxable income for an adjustment year pursuant to section 6225  
31 of the Internal Revenue Code and the regulations thereunder  
32 shall be added back in computing net income for state tax  
33 purposes for the adjustment year.

34       Sec. 68. Section 422.39, Code 2020, is amended by striking  
35 the section and inserting in lieu thereof the following:

1       **422.39 Statutes applicable to corporations and corporation  
2 tax.**

3       All the provisions of sections 422.24 through 422.27  
4 of division II, respecting payment, collection, reporting,  
5 examination, and assessment, shall apply in respect to a  
6 corporation subject to the provisions of this division and to  
7 the tax due and payable by a corporation taxable under this  
8 division. This includes but is not limited to a corporation  
9 that is a pass-through entity as defined in section 422.25A.

10      Sec. 69. Section 422.73, Code 2020, is amended by adding the  
11 following new subsection:

12      NEW SUBSECTION. 01. For purposes of this section, "*federal*  
13 *adjustment*", "*final determination date*", and "*final federal*  
14 *adjustment*" all mean the same as defined in section 422.25.

15      Sec. 70. Section 422.73, subsections 1 and 3, Code 2020, are  
16 amended to read as follows:

17      1. a. If it appears that an amount of tax, penalty, or  
18 interest has been paid which was not due under **division II,**  
19 **III** or **V of this chapter**, then that amount shall be credited  
20 against any tax due on the books of the department by the  
21 person who made the excessive payment, or that amount shall be  
22 refunded to the person or with the person's approval, credited  
23 to tax to become due. A claim for refund or credit that has  
24 not been filed with the department within three years after  
25 the return upon which a refund or credit claimed became due,  
26 or within one year after the payment of the tax upon which a  
27 refund or credit is claimed was made, whichever time is the  
28 later, shall not be allowed by the director. If, as a result of  
29 a carryback of a net operating loss or a net capital loss, the  
30 amount of tax in a prior period is reduced and an overpayment  
31 results, the claim for refund or credit of the overpayment  
32 shall be filed with the department within the three years after  
33 the return for the taxable year of the net operating loss or  
34 net capital loss became due.

35      b. Notwithstanding the period of limitation specified in

1 paragraph "a", the taxpayer shall have six months one year from  
2 the day of final disposition final determination date of any  
3 income tax matter between the taxpayer and the internal revenue  
4 service final federal adjustment arising from an internal  
5 revenue service audit or other similar action by the internal  
6 revenue service with respect to the particular tax year to  
7 claim an income tax refund or credit arising from that final  
8 federal adjustment.

9       3. The department shall enter into an agreement with the  
10 internal revenue service for the transmission of federal income  
11 tax reports on individuals required to file an Iowa income tax  
12 return who have been involved in an income tax matter with the  
13 internal revenue service. After final disposition the final  
14 determination date of the income tax matter that involves a  
15 final federal adjustment between the taxpayer and the internal  
16 revenue service, the department shall determine whether the  
17 individual is due a state income tax refund as a result of that  
18 final disposition of federal adjustment from such income tax  
19 matter. If the individual is due a state income tax refund,  
20 the department shall notify the individual within thirty days  
21 and request the individual to file a claim for refund or credit  
22 with the department.

23 Sec. 71. APPLICABILITY. This division of this Act applies  
24 to federal adjustments and federal partnership adjustments that  
25 have a final determination date after the effective date of  
26 this division of this Act.

## DIVISION VI

## **SETOFF PROCEDURES — RULEMAKING — EFFECTIVE DATE**

29 Sec. 72. RULES. The following applies to 2020 Iowa Acts,  
30 House File 2565, if enacted:

31 The department of revenue shall adopt rules governing  
32 setoffs that occur during the transition from the department of  
33 administrative services to the department of revenue.

34 Sec. 73. 2020 Iowa Acts, House File 2565, section 28, if  
35 enacted, is amended to read as follows:

1 SEC. 28. EFFECTIVE DATE. This Act takes effect on the  
2 later of January 1, 2021, or the effective date of the rules  
3 adopted by the department of revenue pursuant to chapter 17A  
4 implementing this Act other than transitional rules.

5 Sec. 74. EFFECTIVE DATE. This division of this Act, being  
6 deemed of immediate importance, takes effect upon enactment.

## DIVISION VII

## MARRIED TAXPAYERS — JOINT LIABILITY

9 Sec. 75. Section 422.21, subsection 7, Code 2020, is amended  
10 to read as follows:

11     7. If married taxpayers file a joint return or file  
12 separately on a combined return in accordance with rules  
13 prescribed by the director, both spouses are jointly and  
14 severally liable for the total tax due on the return, except  
15 when one spouse is considered to be an innocent spouse eligible  
16 for relief under criteria established pursuant to section 6015  
17 of the Internal Revenue Code. The department may notify the  
18 nonrequesting spouse or former spouse and permit, by rule, the  
19 intervention of a nonrequesting spouse or former spouse when  
20 relief from joint and several liability is requested.

21 Sec. 76. EFFECTIVE DATE. This division of this Act, being  
22 deemed of immediate importance, takes effect upon enactment.

## DIVISION VIII

24 BUSINESS INTEREST EXPENSE DEDUCTION AND GLOBAL INTANGIBLE  
25 LOW-TAXED INCOME

26 Sec. 77. Section 422.7, Code 2020, is amended by adding the  
27 following new subsection:

28       **NEW SUBSECTION.** 59. *a.* Section 163(j) of the Internal  
29 Revenue Code does not apply in computing net income for state  
30 tax purposes. If the taxpayer's federal adjusted gross income  
31 for the tax year was increased or decreased by reason of the  
32 application of section 163(j) of the Internal Revenue Code,  
33 the taxpayer shall recompute net income for state tax purposes  
34 under rules prescribed by the director.

35 b. Paragraph "a" shall not apply during any tax year

1 in which the additional first-year depreciation allowance  
2 authorized in section 168(k) of the Internal Revenue Code  
3 applies in computing net income for state tax purposes.

4       c. For any tax year in which paragraph "a" does not apply,  
5 a taxpayer shall not be permitted to deduct any amount of  
6 interest expense paid or accrued in a previous taxable year  
7 that is allowed as a deduction in the current taxable year by  
8 reason of the carryforward of disallowed business interest  
9 provisions of section 163(j)(2) of the Internal Revenue Code,  
10 if either of the following apply:

11           (1) The interest expense was originally paid or accrued  
12 during a tax year in which paragraph "a" applied.

13           (2) The interest expense was originally paid or accrued  
14 during a tax year in which the taxpayer was not required to  
15 file an Iowa return.

16       Sec. 78. Section 422.35, Code 2020, is amended by adding the  
17 following new subsections:

18       NEW SUBSECTION. 26. a. Section 163(j) of the Internal  
19 Revenue Code does not apply in computing net income for state  
20 tax purposes. If the taxpayer's federal taxable income for  
21 the tax year was increased or decreased by reason of the  
22 application of section 163(j) of the Internal Revenue Code,  
23 the taxpayer shall recompute net income for state tax purposes  
24 under rules prescribed by the director.

25       b. Paragraph "a" shall not apply during any tax year  
26 in which the additional first-year depreciation allowance  
27 authorized in section 168(k) of the Internal Revenue Code  
28 applies in computing net income for state tax purposes.

29       c. For any tax year in which paragraph "a" does not apply,  
30 a taxpayer shall not be permitted to deduct any amount of  
31 interest expense paid or accrued in a previous taxable year  
32 that is allowed as a deduction in the current taxable year by  
33 reason of the carryforward of disallowed business interest  
34 provisions of section 163(j)(2) of the Internal Revenue Code,  
35 if either of the following apply:

1       (1) The interest expense was originally paid or accrued  
2 during a tax year in which paragraph "a" applied.

3       (2) The interest expense was originally paid or accrued  
4 during a tax year in which the taxpayer was not required to  
5 file an Iowa return.

6        NEW SUBSECTION. 27. Subtract, to the extent included,  
7 global intangible low-taxed income under section 951A of the  
8 Internal Revenue Code.

9 Sec. 79. RESCISSION OF ADMINISTRATIVE RULES.

10       1. Contingent upon the enactment of the section of this  
11 Act amending section 422.35, subsection 27, the following Iowa  
12 administrative rules are rescinded:

13       a. 701 Iowa administrative code, rule 54.2, subrule 3,  
14 paragraph "i".

15 b. 701 Iowa administrative code, rule 59.28, subrule 2,  
16 paragraph "p".

17     2. As soon as practicable, the Iowa administrative code  
18 editor shall remove the language of the Iowa administrative  
19 rules referenced in subsection 1 of this section from the Iowa  
20 administrative code.

21 Sec. 80. EFFECTIVE DATE. This Act, being deemed of  
22 immediate importance, takes effect upon enactment.

23 Sec. 81. RETROACTIVE APPLICABILITY. The following applies  
24 retroactively to January 1, 2019, for tax years beginning on  
25 or after that date:

26 The portion of the section of this division of this Act  
27 enacting section 422.35, subsection 27.

28 Sec. 82. RETROACTIVE APPLICABILITY. The following apply  
29 retroactively to January 1, 2020 for tax years beginning on or  
30 after that date:

31       1. The section of this division of this Act enacting section  
32 422.7, subsection 59.

33      2. The portion of the section of this division of this Act  
34 enacting section 422.35, subsection 26.

## DIVISION IX

## IOWA REINVESTMENT ACT

2 Sec. 83. Section 15J.2, subsections 4, 7, 8, and 9, Code  
3 2020, are amended to read as follows:

4       4. "District" means the area within a municipality that is  
5 designated a reinvestment district pursuant to section 15J.4.

6 7. "Municipality" means a county or an incorporated city.

**7 any of the following:**

8        a. A county.

b. An incorporated city.

10     c. A joint board or other legal entity established or  
11 designated in an agreement between two or more contiguous  
12 municipalities identified in paragraph "a" or "b" pursuant to  
13 chapter 28E.

14       8. a. "New lessor" means a lessor, as defined in section  
15 423A.2, operating a business in the district that was not in  
16 operation in the area of the district before the effective  
17 date of the ordinance or resolution establishing the district,  
18 regardless of ownership.

19       **b.** "New lessor" also includes any lessor, defined in section  
20 423A.2, operating a business in the district if the place of  
21 business for that business is the subject of a project that was  
22 approved by the board.

23     9. a. "New retail establishment" means a business operated  
24 in the district by a retailer, as defined in section 423.1,  
25 that was not in operation in the area of the district before  
26 the effective date of the ordinance or resolution establishing  
27 the district, regardless of ownership.

28       **b.** "New retail establishment" also includes any business  
29 operated in the district by a retailer, as defined in section  
30 423.1, if the place of business for that retail establishment  
31 is the subject of a project that was approved by the board.

32 Sec. 84. Section 15J.4, subsection 1, unnumbered paragraph  
33 1, Code 2020, is amended to read as follows:

34 A municipality that has an area suitable for development  
35 within the boundaries of the municipality or within the

1 combined boundaries of a municipality under section 15J.2,  
2 subsection 7, paragraph "c", is eligible to seek approval from  
3 the board to establish a reinvestment district under this  
4 section consisting of the area suitable for development. To  
5 be designated a reinvestment district, an area shall meet the  
6 following requirements:

7 Sec. 85. Section 15J.4, subsection 1, paragraphs c and d,  
8 Code 2020, are amended to read as follows:

9 c. The For districts approved before July 1, 2018, the area  
10 consists of contiguous parcels and does not exceed twenty-five  
11 acres in total. For districts approved on or after July 1,  
12 2020, the area consists of contiguous parcels and does not  
13 exceed seventy-five acres in total.

14 d. For a municipality that is a city or for a city that  
15 is party to an agreement under section 15J.2, subsection 7,  
16 paragraph "c", the area does not include the entire incorporated  
17 area of the city.

18 Sec. 86. Section 15J.4, subsection 3, paragraph a, Code  
19 2020, is amended to read as follows:

20 a. The municipality shall submit a copy of the resolution,  
21 the proposed district plan, and all accompanying materials  
22 adopted pursuant to this section to the board for evaluation.  
23 The board shall not approve a proposed district plan on or  
24 after July 1, 2018 2025.

25 Sec. 87. Section 15J.4, subsection 3, paragraph b,  
26 subparagraph (6), Code 2020, is amended to read as follows:

27 (6) The amount of proposed capital investment within the  
28 proposed district related to retail businesses in the proposed  
29 district does not exceed fifty percent of the total capital  
30 investment for all proposed projects in the proposed district  
31 plan. For the purposes of this subparagraph, "retail business"  
32 means any business engaged in the business of selling tangible  
33 personal property or taxable services at retail in this state  
34 that is obligated to collect state sales or use tax under  
35 chapter 423. However, for the purposes of this subparagraph,

1 "retail business" does not include a new lessor or a business  
2 engaged in an activity subject to tax under section 423.2,  
3 subsection 3.

4 Sec. 88. Section 15J.4, subsection 3, paragraph f, Code  
5 2020, is amended to read as follows:

6 f. (1) The total aggregate amount of state sales tax  
7 revenues and state hotel and motel tax revenues that may be  
8 approved by the board for remittance to all municipalities and  
9 that may be transferred to the state reinvestment district  
10 fund under **section 423.2A or 423A.6**, and remitted to all  
11 municipalities having a reinvestment district under this  
12 chapter for districts approved by the board before July 1,  
13 2018, shall not exceed one hundred million dollars.

14 (2) The total aggregate amount of state sales tax revenues  
15 and state hotel and motel tax revenues that may be approved by  
16 the board for remittance to all municipalities and that may  
17 be transferred to the state reinvestment district fund under  
18 section 423.2A or 423A.6, and remitted to all municipalities  
19 having a reinvestment district under this chapter for districts  
20 approved on or after July 1, 2020, but before July 1, 2025,  
21 shall not exceed one hundred million dollars.

22 Sec. 89. Section 15J.4, subsections 4 and 5, Code 2020, are  
23 amended to read as follows:

24 4. a. Upon receiving the approval of the board, the  
25 municipality may shall adopt an ordinance, or in the case of  
26 a municipality under section 15J.2, subsection 7, paragraph  
27 "c", a resolution, establishing the district and shall notify  
28 the director of revenue of the district's commencement date  
29 established by the board and the information required under  
30 paragraph "b" no later than thirty days after adoption of the  
31 ordinance or resolution.

32 b. For each district approved by the board on or after July  
33 1, 2020, the municipality shall include in the notification  
34 under paragraph "a" and in the statement required under  
35 paragraph "c" all of the following:

1       (1) For each new retail establishment under section 15J.2,  
2 subsection 9, paragraph "b", that was in operation before  
3 the establishment of the district, the monthly amount of  
4 sales subject to the state sales tax from the most recently  
5 available twelve-month period preceding the establishment of  
6 the district.

7       (2) For each new lessor under section 15J.2, subsection 8,  
8 paragraph "b", that was in operation before the establishment  
9 of the district, the monthly amount of sales subject to the  
10 state hotel and motel tax from the most recently available  
11 twelve-month period preceding the establishment of the  
12 district.

13       c. The ordinance or resolution adopted by the municipality  
14 shall include the district's commencement date and a detailed  
15 statement of the manner in which the approved projects to be  
16 undertaken in the district will be financed, including but not  
17 limited to the financial information included in the project  
18 plan under **subsection 2**, paragraph "d".

19       d. Following establishment of the district, a municipality  
20 may use the moneys deposited in the municipality's reinvestment  
21 project fund created pursuant to **section 15J.7** to fund the  
22 development of those projects included within the district  
23 plan.

24       5. A municipality may amend the district plan to add  
25 or modify projects. However, a proposed modification to a  
26 project and each project proposed to be added shall first be  
27 approved by the board in the same manner as provided for the  
28 original plan. In no case, however, shall an amendment to the  
29 district plan result in the extension of the commencement date  
30 established by the board. If a district plan is amended to  
31 add or modify a project, the municipality shall, if necessary,  
32 amend the ordinance or resolution, as applicable, if necessary,  
33 to reflect any changes to the financial information required to  
34 be included under **subsection 4**.

35       Sec. 90. Section 15J.5, subsection 1, paragraph b, Code

1 2020, is amended to read as follows:

2       b. (1) The For districts established before July 1,  
3 2020, the amount of new state sales tax revenue for purposes  
4 of paragraph "a" shall be the product of the amount of sales  
5 subject to the state sales tax in the district during the  
6 quarter from new retail establishments times four percent.

7       (2) For districts established on or after July 1, 2020, the  
8 amount of new state sales tax revenue for purposes of paragraph  
9 "a" shall be the product of four percent times the remainder of  
10 amount of sales subject to the state sales tax in the district  
11 during the quarter from new retail establishments minus the sum  
12 of the sales from the corresponding quarter of the twelve-month  
13 period determined under section 15J.4, subsection 4, paragraph  
14 "b", subparagraph (1), for new retail establishments identified  
15 under section 15J.4, subsection 4, paragraph "b", subparagraph  
16 (1), that were in operation at the end of the quarter.

17      Sec. 91. Section 15J.5, subsection 2, paragraph b, Code  
18 2020, is amended to read as follows:

19       b. (1) The For districts established before July 1,  
20 2020, the amount of new state hotel and motel tax revenue for  
21 purposes of paragraph "a" shall be the product of the amount of  
22 sales subject to the state hotel and motel tax in the district  
23 during the quarter from new lessors times the state hotel and  
24 motel tax rate imposed under section 423A.3.

25       (2) For districts established on or after July 1, 2020, the  
26 amount of new state hotel and motel tax revenue for purposes of  
27 paragraph "a" shall be the product of the state hotel and motel  
28 tax rate imposed under section 423A.3 times the remainder of  
29 amount of sales subject to the state hotel and motel tax in the  
30 district during the quarter from new lessors minus the sum of  
31 the sales from the corresponding quarter of the twelve month  
32 period determined under section 15J.4, subsection 4, paragraph  
33 "b", subparagraph (2), for new lessors identified under section  
34 15J.4, subsection 4, paragraph "b", subparagraph (2), that were  
35 in operation at the end of the quarter.

1       Sec. 92. Section 15J.7, subsection 4, paragraph b, Code  
2 2020, is amended to read as follows:

3       b. For the purposes of **this subsection**, "relocation"  
4 means the closure or substantial reduction of an enterprise's  
5 existing operations in one area of the state and the initiation  
6 of substantially the same operation in the same county or a  
7 contiguous county in the state. However, if the initiation  
of operations includes an expanded scope or nature of the  
enterprise's existing operations, the new operation shall  
not be considered to be substantially the same operation.  
11 "Relocation" does not include an enterprise expanding its  
12 operations in another area of the state provided that existing  
13 operations of a similar nature are not closed or substantially  
14 reduced.

15      Sec. 93. Section 15J.7, subsection 6, Code 2020, is amended  
16 to read as follows:

17      6. Upon dissolution of a district pursuant to **section 15J.8**,  
18 moneys remaining in the reinvestment project fund that were  
19 deposited pursuant to **subsection 2** and all interest remaining  
20 in the fund that was earned on such amounts shall be deposited  
21 in the general fund of the municipality or, for a municipality  
under section 15J.2, subsection 7, paragraph "c", the governing  
body shall allocate such amounts to the participating cities  
and counties for deposit in each city or county general fund  
according to the chapter 28E agreement.

26      Sec. 94. Section 15J.8, Code 2020, is amended to read as  
27 follows:

28      **15J.8 End of deposits — district dissolution.**

29      1. As of the date twenty years after the district's  
30 commencement date, the department shall cease to deposit state  
31 sales tax revenues and state hotel and motel tax revenues into  
32 the district's account within the fund, unless the municipality  
33 dissolves the district by ordinance or resolution prior to that  
34 date. Following the expiration of the twenty-year period, the  
35 district shall be dissolved by ordinance or resolution of the

1 municipality adopted within twelve months of the conclusion of  
2 the twenty-year period.

3       2. If the municipality dissolves the district by ordinance  
4 or resolution prior to the expiration of the twenty-year  
5 period specified in **subsection 1**, the municipality shall  
6 notify the director of revenue of the dissolution as soon as  
7 practicable after adoption of the ordinance or resolution, and  
8 the department shall, as of the effective date of dissolution,  
9 cease to deposit state sales tax revenues and state hotel and  
10 motel tax revenues into the district's account within the fund.

11      3. Upon request of the municipality prior to the dissolution  
12 of the district, and following a determination by the board  
13 that the amounts of new state sales tax revenue and new state  
14 hotel and motel tax revenue deposited in the municipality's  
15 reinvestment project fund under section 15J.7 are substantially  
16 lower than the amounts established by the board under section  
17 15J.4, subsection 3, paragraph "e", the board may extend  
18 the district's twenty-year period of time for depositing and  
19 receiving revenues under this chapter by up to five additional  
20 years if such an extension is in the best interest of the  
21 public.

## DIVISION X

## **COMPUTER PERIPHERALS**

24 Sec. 95. Section 423.1, Code 2020, is amended by adding the  
25 following new subsection:

26       NEW SUBSECTION. 10A. "*Computer peripheral*" means an  
27 ancillary device connected to the computer digitally, by  
28 cable, or by other medium, used to put information into or get  
29 information out of a computer.

30 Sec. 96. Section 423.3, subsection 47, Code 2020, is amended  
31 to read as follows:

32      47. a. The sales price from the sale or rental of  
33 computers, computer peripherals, machinery, equipment,  
34 replacement parts, supplies, and materials used to construct  
35 or self-construct computers, computer peripherals, machinery,

1 equipment, replacement parts, and supplies, if such items are  
2 any of the following:

3       (1) Directly and primarily used in processing by a  
4 manufacturer.

5       (2) Directly and primarily used to maintain the integrity  
6 of the product or to maintain unique environmental conditions  
7 required for either the product or the computers, computer  
8 peripherals, machinery, and equipment used in processing by a  
9 manufacturer, including test equipment used to control quality  
10 and specifications of the product.

11      (3) Directly and primarily used in research and development  
12 of new products or processes of processing.

13      (4) Computers and computer peripherals used in processing  
14 or storage of data or information by an insurance company,  
15 financial institution, or commercial enterprise.

16      (5) Directly and primarily used in recycling or  
17 reprocessing of waste products.

18      (6) Pollution-control equipment used by a manufacturer,  
19 including but not limited to that required or certified by an  
20 agency of this state or of the United States government.

21      b. The sales price from the sale of fuel used in creating  
22 heat, power, steam, or for generating electrical current, or  
23 from the sale of electricity, consumed by computers, computer  
24 peripherals, machinery, or equipment used in an exempt manner  
25 described in paragraph "a", subparagraph (1), (2), (3), (5), or  
26 (6).

27      c. The sales price from the sale or rental of the following  
28 shall not be exempt from the tax imposed by **this subchapter**:

29       (1) Hand tools.

30       (2) Point-of-sale equipment, and computers, and computer  
31 peripherals.

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

34       (a) Computers.

35       (b) Computer peripherals.

1       (b) (c) Machinery.  
2       (c) Equipment, including pollution control equipment.  
3       (d) (e) Replacement parts.  
4       (e) (f) Supplies.  
5       (f) (g) Materials used to construct or self-construct the  
6 following:  
7       (i) Computers.  
8       (ii) Computer peripherals.  
9       (iii) (iii) Machinery.  
10      (iv) (iv) Equipment, including pollution control  
11 equipment.  
12      (v) Replacement parts.  
13      (vi) Supplies.

14      (4) Vehicles subject to registration, except vehicles  
15 subject to registration which are directly and primarily used  
16 in recycling or reprocessing of waste products.

17      d. As used in **this subsection**:

18      (1) "*Commercial enterprise*" means businesses and  
19 manufacturers conducted for profit, for-profit and nonprofit  
20 insurance companies, and for-profit and nonprofit financial  
21 institutions, but excludes other nonprofits and professions and  
22 occupations.

23      (2) "*Financial institution*" means as defined in section  
24 527.2.

25      (3) "*Insurance company*" means an insurer organized or  
26 operating under **chapter 508, 514, 515, 518, 518A, 519**, or  
27 520, or authorized to do business in Iowa as an insurer or an  
28 insurance producer under **chapter 522B**.

29      (4) (a) "*Manufacturer*" means a business that primarily  
30 purchases, receives, or holds personal property of any  
31 description for the purpose of adding to its value by a process  
32 of manufacturing with a view to selling the property for gain  
33 or profit.

34      (b) "*Manufacturer*" includes contract manufacturers. A  
35 contract manufacturer is a manufacturer that otherwise falls

1 within the definition of manufacturer, except that a contract  
2 manufacturer does not sell the tangible personal property  
3 the contract manufacturer processes on behalf of other  
4 manufacturers.

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

- 9           (i) Construction contracting.
- 10          (ii) Repairing tangible personal property or real property.
- 11          (iii) Providing health care.
- 12          (iv) Farming, including cultivating agricultural products  
13 and raising livestock.
- 14          (v) Transporting for hire.

15       (d) For purposes of this subparagraph:

16          (i) "*Business*" means those businesses conducted for  
17 profit, but excludes professions and occupations and nonprofit  
18 organizations.

19          (ii) "*Manufacturing*" means those activities commonly  
20 understood within the ordinary meaning of the term, and shall  
21 include:

- 22           (A) Refining.
- 23           (B) Purifying.
- 24           (C) Combining of different materials.
- 25           (D) Packing of meats.
- 26           (E) Activities subsequent to the extractive process of  
27 quarrying or mining, such as crushing, washing, sizing, or  
28 blending of aggregate materials.

29          (iii) "*Manufacturing*" does not include activities occurring  
30 on premises primarily used to make retail sales.

31       (5) "*Processing*" means a series of operations in which  
32 materials are manufactured, refined, purified, created,  
33 combined, or transformed by a manufacturer, ultimately  
34 into tangible personal property. Processing encompasses  
35 all activities commencing with the receipt or producing of

1 raw materials by the manufacturer and ending at the point  
2 products are delivered for shipment or transferred from the  
3 manufacturer. Processing includes but is not limited to  
4 refinement or purification of materials; treatment of materials  
5 to change their form, context, or condition; maintenance  
6 of the quality or integrity of materials, components, or  
7 products; maintenance of environmental conditions necessary for  
8 materials, components, or products; quality control activities;  
9 and construction of packaging and shipping devices, placement  
10 into shipping containers or any type of shipping devices or  
11 medium, and the movement of materials, components, or products  
12 until shipment from the processor.

13 (6) "*Receipt or producing of raw materials*" means activities  
14 performed upon tangible personal property only. With respect  
15 to raw materials produced from or upon real estate, the receipt  
16 or producing of raw materials is deemed to occur immediately  
17 following the severance of the raw materials from the real  
18 estate.

19 (7) "*Replacement part*" means tangible personal property  
20 other than computers, computer peripherals, machinery,  
21 equipment, or supplies, regardless of the cost or useful life  
22 of the tangible personal property, that meets all of the  
23 following conditions:

24 (a) The tangible personal property replaces a component of  
25 a computer, computer peripheral, machinery, or equipment, which  
26 component is capable of being separated from the computer,  
27 computer peripheral, machinery, or equipment.

28 (b) The tangible personal property performs the same or  
29 similar function as the component it replaced.

30 (c) The tangible personal property restores the computer,  
31 computer peripheral, machinery, or equipment to an operational  
32 condition, or upgrades or improves the efficiency of the  
33 computer, computer peripheral, machinery, or equipment.

34 (8) "*Supplies*" means tangible personal property, other  
35 than computers, computer peripherals, machinery, equipment, or

1 replacement parts, that meets one of the following conditions:

2       (a) The tangible personal property is to be connected to

3 a computer, computer peripheral, machinery, or equipment and

4 requires regular replacement because the property is consumed

5 or deteriorates during use, including but not limited to saw

6 blades, drill bits, filters, and other similar items with a

7 short useful life.

8       (b) The tangible personal property is used in conjunction

9 with a computer, computer peripheral, machinery, or equipment

10 and is specially designed for use in manufacturing specific

11 products and may be used interchangeably and intermittently on

12 a particular computer, computer peripheral, machine, or piece

13 of equipment, including but not limited to jigs, dies, tools,

14 and other similar items.

15       (c) The tangible personal property comes into physical

16 contact with other tangible personal property used in

17 processing and is used to assist with or maintain conditions

18 necessary for processing, including but not limited to cutting

19 fluids, oils, coolants, lubricants, and other similar items

20 with a short useful life.

21       (d) The tangible personal property is directly and

22 primarily used in an activity described in paragraph "a",

23 subparagraphs (1) through (6), including but not limited to

24 prototype materials and testing materials.

25       Sec. 97. RESCISSION OF ADMINISTRATIVE RULES.

26       1. The following Iowa administrative rules are rescinded as

27 of July 1, 2020:

28       a. 701 Iowa administrative code, rule 18.34, subrule 1,

29 paragraph "b", subparagraph (1).

30       b. 701 Iowa administrative code, rule 18.45, subrule 1,

31 definition of "computer".

32       c. 701 Iowa administrative code, rule 18.58, subrule 1,

33 definition of "computer".

34       d. 701 Iowa administrative code, rule 230.14, subrule 2,

35 paragraph "a".

1       2. As soon as practicable after July 1, 2020, the Iowa  
2 administrative code editor shall remove the language of the  
3 Iowa administrative rules referenced in subsection 1 of this  
4 section from the Iowa administrative code.

## DIVISION XI

## SCHOOL TUITION ORGANIZATION TAX CREDIT

7 Sec. 98. Section 422.11S, subsection 8, paragraph a,  
8 subparagraph (2), Code 2020, is amended to read as follows:

9       (2)    (a)    “*Total approved tax credits*” means for the 2006  
10 calendar year, two million five hundred thousand dollars, for  
11 the 2007 calendar year, five million dollars, for calendar  
12 years beginning on or after January 1, 2008, but before January  
13 1, 2012, seven million five hundred thousand dollars, for  
14 calendar years beginning on or after January 1, 2012, but  
15 before January 1, 2014, eight million seven hundred fifty  
16 thousand dollars, for calendar years beginning on or after  
17 January 1, 2014, but before January 1, 2019, twelve million  
18 dollars, and for calendar years beginning on or after January  
19 1, 2019, but before January 1, 2020, thirteen million dollars,  
20 and for calendar years beginning on or after January 1, 2020,  
21 fifteen million dollars.

22       (b) (i) During any calendar year beginning on or after  
23 January 1, 2022, if the amount of awarded tax credits from the  
24 preceding calendar year are equal to or greater than ninety  
25 percent of the total approved tax credits for the current  
26 calendar year, the total approved tax credits for the current  
27 calendar year shall equal the product of ten percent multiplied  
28 by the total approved tax credits for the current calendar year  
29 plus the total approved tax credits for the current calendar  
30 year.

31       (ii) If total approved tax credits are recomputed pursuant  
32 to subparagraph subdivision (i), the total approved tax credits  
33 shall equal the previous total approved tax credits recomputed  
34 pursuant to subparagraph subdivision (i) for purposes of future  
35 recomputations under subparagraph subdivision (i), provided

1 that the maximum total approved tax credits recomputed pursuant  
2 to this subparagraph division (b) shall not exceed twenty  
3 million dollars in a calendar year.

4 Sec. 99. Section 422.33, subsection 28, Code 2020, is  
5 amended to read as follows:

6 28. The taxes imposed under this division shall be reduced  
7 by a school tuition organization tax credit allowed under  
8 section 422.11S. ~~The maximum amount of tax credits that~~  
~~may be approved under this subsection for a tax year equals~~  
~~twenty-five percent of the school tuition organization's tax~~  
~~credits that may be approved pursuant to section 422.11S,~~  
~~subsection 8, for a tax year.~~

13 DIVISION XII

14 BROADBAND INFRASTRUCTURE TAXATION

15 Sec. 100. Section 422.7, Code 2020, is amended by adding the  
16 following new subsection:

17 NEW SUBSECTION. 18. a. Subtract, to the extent included,  
18 the amount of a federal, state, or local grant provided to  
19 a communications service provider, if the grant is used to  
20 install broadband infrastructure that facilitates broadband  
21 service in targeted service areas at or above the download and  
22 upload speeds.

23 b. As used in this subsection, "*broadband infrastructure*",  
24 "*communications service provider*", and "*targeted service area*"  
25 mean the same as defined in section 8B.1, respectively.

26 Sec. 101. Section 422.35, Code 2020, is amended by adding  
27 the following new subsection:

28 NEW SUBSECTION. 26. a. Subtract, to the extent included,  
29 the amount of a federal, state, or local grant provided to  
30 a communications service provider, if the grant is used to  
31 install broadband infrastructure that facilitates broadband  
32 service in targeted service areas at or above the download and  
33 upload speeds.

34 b. As used in this subsection, "*broadband infrastructure*",  
35 "*communications service provider*", and "*targeted service area*"

1 mean the same as defined in section 8B.1, respectively.

2 Sec. 102. REFUNDS. Refunds of taxes, interest, or penalties  
3 that arise from claims resulting from the enactment of this  
4 division of this Act, in the tax year beginning January  
5 1, 2019, but before January 1, 2020, shall not be allowed  
6 unless refund claims are filed prior to October 1, 2020,  
7 notwithstanding any other provision of law to the contrary.

8 Sec. 103. EFFECTIVE DATE. This division of this Act, being  
9 deemed of immediate importance, takes effect upon enactment.

10 Sec. 104. RETROACTIVE APPLICABILITY. This division of this  
11 Act applies retroactively to January 1, 2019, and applies to  
12 tax years beginning on or after that date.

13 DIVISION XIII

14 LOCAL ASSESSORS

15 Sec. 105. Section 441.6, subsection 2, Code 2020, is amended  
16 to read as follows:

17 2. Upon receipt of the report of the examining board, the  
18 chairperson of the conference board shall by written notice  
19 call a meeting of the conference board to appoint an assessor.  
20 The meeting shall be held not later than seven days after the  
21 receipt of the report of the examining board by the conference  
22 board. At the meeting, the conference board shall appoint an  
23 assessor from the register of eligible candidates. However,  
24 if a special examination has not been conducted previously for  
25 the same vacancy, the conference board may request the director  
26 of revenue to hold a special examination pursuant to section  
27 441.7. The chairperson of the conference board shall give  
28 written notice to the director of revenue of the appointment  
29 and ~~its effective date~~ within ten days of the decision of the  
30 board.

31 Sec. 106. Section 441.6, Code 2020, is amended by adding the  
32 following new subsection:

33 NEW SUBSECTION. 3. The appointee selected by the conference  
34 board under subsection 2 shall not assume the office of city  
35 or county assessor until such appointment is confirmed by

1 the director of revenue. If the director of revenue rejects  
2 the appointment, the examining board shall conduct a new  
3 examination and submit a new report to the conference board  
4 under subsection 1. The director of revenue shall adopt rules  
5 pursuant to chapter 17A to implement and administer this  
6 subsection.

7 Sec. 107. Section 441.17, subsection 2, Code 2020, is  
8 amended to read as follows:

9 2. Cause to be assessed, in accordance with section 441.21,  
10 all the property in the assessor's county or city, except  
11 property exempt from taxation, or the assessment of which is  
12 otherwise provided for by law. However, an assessor or deputy  
13 assessor shall not personally assess a property if the person  
14 or a member of the person's immediate family owns the property,  
15 has a financial interest in the property, or has a financial  
16 interest in the entity that owns the property. The director of  
17 revenue shall adopt rules pursuant to chapter 17A to implement  
18 and administer this subsection.

19 Sec. 108. Section 441.41, Code 2020, is amended to read as  
20 follows:

21 **441.41 Legal counsel.**

22 In the case of cities having an assessor, the city legal  
23 department shall represent the assessor and board of review  
24 in all litigation dealing with assessments. In the case of  
25 counties, the county attorney shall represent the assessor and  
26 board of review in all litigation dealing with assessments.

27 Any taxing district interested in the taxes received from such  
28 assessments may be represented by an attorney and shall be  
29 required to appear by attorney upon written request of the  
30 assessor to the presiding officer of any such taxing district.

31 The Subject to review and prior approval by either the city  
32 legal department in the case of a city or the county attorney  
33 in the case of a county, the conference board may employ  
34 special counsel to assist the city legal department or county  
35 attorney as the case may be.

## DIVISION XIV

## PAYCHECK PROTECTION PROGRAM (PPP)

3 Sec. 109. IOWA NET INCOME EXCLUSION FOR FEDERAL PAYCHECK  
4 PROTECTION PROGRAM LOAN FORGIVENESS FOR CERTAIN FISCAL-YEAR  
5 FILERS IN TAX YEAR 2019. Notwithstanding any other provision  
6 of law to the contrary, for any tax year beginning on or after  
7 January 1, 2019, and ending after March 27, 2020, Pub. L. No.  
8 116-136, §1106(i), applies in computing net income for state  
9 tax purposes under section 422.7 or 422.35.

10 Sec. 110. EFFECTIVE DATE. This division of this Act, being  
11 deemed of immediate importance, takes effect upon enactment.

## DIVISION XV

**13 IOWA INCOME TAX EXCLUSION — EMERGENCY STUDENT GRANT MONEY**

14 Sec. 111. Section 422.7, Code 2020, is amended by adding the  
15 following new subsection:

16        NEW SUBSECTION. 59. Notwithstanding any other provision of  
17 law to the contrary, any funds received by a student through a  
18 higher education institution to support the student's financial  
19 needs as a result of the COVID-19 pandemic pursuant to §§3504,  
20 18004, or 18008 of Pub. L. No. 116-136 shall not be included  
21 in the student's Iowa net income for any tax year ending after  
22 March 27, 2020.

23 Sec. 112. EFFECTIVE DATE. This division of this Act, being  
24 deemed of immediate importance, takes effect upon enactment.

25 Sec. 113. RETROACTIVE APPLICABILITY. This division of this  
26 Act applies retroactively to March 27, 2020, for tax years  
27 ending on or after that date.

## DIVISION XVI

## IOWA INCOME TAX EXCLUSION — STIMULUS CHECKS

30 Sec. 114. IOWA INCOME TAX EXCLUSION FOR ECONOMIC IMPACT  
31 PAYMENTS. In determining the amount of deduction for federal  
32 income tax under section 422.9 for tax years beginning in  
33 the 2020 calendar year, the amount of the deduction for the  
34 tax year shall not be adjusted by the amount received during  
35 the tax year of the income tax rebate provided pursuant to

1 the federal Recovery Rebates and Coronavirus Aid, Relief,  
2 and Economic Security Act, Pub. L. No. 116-136, §2201, and  
3 the amount of such income tax rebate shall not be subject to  
4 taxation under chapter 422, division II.

5 DIVISION XVII

6 PRO RATA SHARE OF ENTITY-LEVEL INCOME TAX PAID BY SHAREHOLDERS  
7 OR BENEFICIARIES

8 Sec. 115. Section 422.8, subsection 1, Code 2020, is amended  
9 to read as follows:

10 1. a. The amount of income tax paid to another state or  
11 foreign country by a resident taxpayer of this state on income  
12 derived from sources outside of Iowa shall be allowed as a  
13 credit against the tax computed under this chapter, except that  
14 the credit shall not exceed what the amount of the Iowa tax  
15 would have been on the same income which was taxed by the other  
16 state or foreign country. The limitation on this credit shall  
17 be computed according to the following formula: Income earned  
18 outside of Iowa and taxed by another state or foreign country  
19 shall be divided by the total income of the resident taxpayer  
20 of Iowa. This quotient multiplied times by the net Iowa tax as  
21 determined on the total income of the taxpayer as if entirely  
22 earned in Iowa shall be the maximum tax credit against the Iowa  
23 net tax.

24 b. (1) For purposes of paragraph "a", a resident partner  
of an entity taxed as a partnership for federal tax purposes,  
a resident shareholder of an S corporation, or a resident  
beneficiary of an estate or trust shall be deemed to have paid  
the resident partner's, resident shareholder's, or resident  
beneficiary's pro rata share of entity-level income tax paid  
by the partnership, S corporation, estate, or trust to another  
state or foreign country on income that is also subject to  
tax under this division, but only if the entity provides the  
resident partner, resident shareholder, or resident beneficiary  
a statement that documents the resident partner's, resident  
shareholder's, or resident beneficiary's share of the income

1 derived in the other state or foreign country, the income tax  
2 liability of the entity in that state or foreign country, and  
3 the income tax paid by the entity to that state or foreign  
4 country.

5       (2) For purposes of paragraph "a", a resident shareholder of  
6 a regulated investment company shall be deemed to have paid the  
7 shareholder's pro rata share of entity-level income tax paid by  
8 the regulated investment company to another state or foreign  
9 country and treated as paid by its shareholders pursuant to  
10 section 853 of the Internal Revenue Code, but only if the  
11 regulated investment company provides the resident shareholder  
12 a statement that documents the resident shareholder's share of  
13 the income derived in the other state or foreign country, the  
14 income tax liability of the regulated investment company in  
15 that state or foreign country, and the income tax paid by the  
16 regulated investment company to that state or foreign country.

17 Sec. 116. EFFECTIVE DATE. This division of this Act, being  
18 deemed of immediate importance, takes effect upon enactment.

19 Sec. 117. RETROACTIVE APPLICABILITY. This division of this  
20 Act applies retroactively to January 1, 2020, for tax years  
21 beginning on or after that date.

## DIVISION XVIII

## IOWA SMALL BUSINESS RELIEF GRANT PROGRAM

24 Sec. 118. Section 422.7, Code 2020, is amended by adding the  
25 following new subsection:

26        NEW SUBSECTION. 59. Subtract, to the extent included,  
27 the amount of any financial assistance grant provided to an  
28 eligible small business by the economic development authority  
29 under the Iowa small business relief grant program created  
30 during calendar year 2020 to provide financial assistance to  
31 eligible small businesses economically impacted by the COVID-19  
32 pandemic.

33 Sec. 119. Section 422.35, Code 2020, is amended by adding  
34 the following new subsection:

35 NEW SUBSECTION. 26. Subtract, to the extent included,

1 the amount of any financial assistance grant provided to an  
2 eligible small business by the economic development authority  
3 under the Iowa small business relief grant program created  
4 during calendar year 2020 to provide financial assistance to  
5 eligible small businesses economically impacted by the COVID-19  
6 pandemic.

7 Sec. 120. EFFECTIVE DATE. This division of this Act, being  
8 deemed of immediate importance, takes effect upon enactment.

9 Sec. 121. RETROACTIVE APPLICABILITY. This division of this  
10 Act applies retroactively to March 23, 2020, for tax years  
11 ending on or after that date.

12 DIVISION XIX

13 SECTION 179 EXPENSING

14 Sec. 122. Section 422.7, subsections 51 and 52, Code 2020,  
15 are amended by striking the subsections.

16 Sec. 123. Section 422.9, subsection 2, paragraph h, Code  
17 2020, is amended to read as follows:

18 h. For purposes of calculating the deductions in this  
19 subsection that are authorized under the Internal Revenue Code,  
20 and to the extent that any of such deductions is determined by  
21 an individual's federal adjusted gross income, the individual's  
22 federal adjusted gross income is computed in accordance with  
23 section 422.7, subsections 39, 39A, 39B, ~~51, 52,~~ and 53.

24 Sec. 124. Section 422.35, subsections 14 and 15, Code 2020,  
25 are amended by striking the subsections.

26 Sec. 125. PRESERVATION OF EXISTING RIGHTS. The sections of  
27 this division striking section 422.7, subsections 51 and 52,  
28 and section 422.35, subsections 14 and 15, respectively, shall  
29 not limit, modify, or otherwise adversely affect a taxpayer's  
30 right to deduct for a tax year beginning on or after January 1,  
31 2020, any amount determined under section 422.7, subsection 52,  
32 paragraph "b", subparagraph (3), Code 2020, or under section  
33 422.35, subsection 15, paragraph "b", subparagraph (3), Code  
34 2020, for a tax year beginning prior to January 1, 2020.

35 Sec. 126. RETROACTIVE APPLICABILITY. This division of this

1 Act applies retroactively to January 1, 2020, for tax years  
2 beginning on or after that date.

3 DIVISION XX

4 IOWA EDUCATIONAL SAVINGS PLAN TRUST (529 PLANS)

5 Sec. 127. Section 12D.1, subsection 2, paragraph k, Code  
6 2020, is amended to read as follows:

7     *k.* "Qualified education expenses" means the same as  
8 "qualified higher education expenses" as defined in section  
9 529(e)(3) of the Internal Revenue Code, as amended by Pub. L.  
10 No. 115-97, and shall include elementary and secondary school  
11 expenses for tuition described in section 529(c)(7) of the  
12 Internal Revenue Code, subject to the limitations imposed by  
13 section 529(e)(3)(A) of the Internal Revenue Code. "Qualified  
14 education expenses" includes expenses for the participation  
15 in an apprenticeship program registered and certified with  
16 the United States secretary of labor under section 1 of the  
17 National Apprenticeship Act, 29 U.S.C. §50, and amounts paid as  
18 principal or interest on any qualified education loan on behalf  
19 of a beneficiary or a sibling of the beneficiary, subject to  
20 the limitations imposed by section 529(c)(9)(B) and (C) of the  
21 Internal Revenue Code.

22 Sec. 128. Section 12D.1, subsection 2, Code 2020, is amended  
23 by adding the following new paragraphs:

24     NEW PARAGRAPH. 01. "Qualified education loan" means the  
25 same as "qualified education loan" as defined in section 221(d)  
26 of the Internal Revenue Code.

27     NEW PARAGRAPH. 0m. "Sibling" means a brother, sister,  
28 stepbrother, or stepsister of the beneficiary.

29 Sec. 129. Section 422.7, subsection 32, paragraph c,  
30 subparagraph (1), Code 2020, is amended by adding the following  
31 new subparagraph divisions:

32     NEW SUBPARAGRAPH DIVISION. (d) The payment of expenses  
33 for fees, books, supplies, and equipment required for the  
34 participation of a beneficiary in an apprenticeship program.

35     NEW SUBPARAGRAPH DIVISION. (e) The payment of qualified

1 education loan repayments.

2 Sec. 130. Section 422.7, subsection 32, paragraph c,  
3 subparagraph (2), Code 2020, is amended by adding the following  
4 new subparagraph divisions:

5        NEW SUBPARAGRAPH DIVISION. (0a) *"Apprenticeship program"*  
6 means a program registered and certified with the United  
7 States secretary of labor under section 1 of the National  
8 Apprenticeship Act, 29 U.S.C. §50.

9       NEW SUBPARAGRAPH DIVISION. (0c) "*Qualified education loan*"  
10 means the same as defined in section 12D.1, subsection 2.

11        NEW SUBPARAGRAPH DIVISION. (00c) "Qualified education loan  
12 *repayments*" means amounts paid as principal or interest on any  
13 qualified education loan of the beneficiary or a sibling of  
14 the beneficiary. The repayment amounts shall not exceed ten  
15 thousand dollars in the aggregate for the beneficiary or the  
16 sibling, respectively.

17      NEW SUBPARAGRAPH DIVISION. (d) "*Sibling*" means the same as  
18 defined in section 12D.1, subsection 2.

19 Sec. 131. EFFECTIVE DATE. This division of this Act, being  
20 deemed of immediate importance, takes effect upon enactment.

21 Sec. 132. RETROACTIVE APPLICABILITY. This division of this  
22 Act applies retroactively to January 1, 2019, for tax years  
23 beginning on or after that date.

## DIVISION XXI

25 IOWA EDUCATIONAL SAVINGS ACCOUNT AND FIRST-TIME HOMEBUYER  
26 ACCOUNT — EXTENSIONS

27 Sec. 133. EXTENSION OF IOWA EDUCATIONAL SAVINGS ACCOUNT  
28 CONTRIBUTION DEDUCTION FOR TAX YEAR 2019. Notwithstanding any  
29 provision of law to the contrary, in determining the deduction  
30 provided under section 422.7, subsection 32, paragraph "a",  
31 for tax years beginning during the 2019 calendar year, a  
32 participant who makes a contribution to the Iowa educational  
33 savings plan trust pursuant to section 12D.3, subsection 1, on  
34 or after January 1, 2020, but on or before July 31, 2020, may  
35 elect to be deemed to have made the contribution on the last

1 day of calendar year 2019.

2 Sec. 134. EXTENSION OF IOWA FIRST-TIME HOMEBUYER ACCOUNT  
3 AND BENEFICIARY DESIGNATION FOR ACCOUNTS OPENED IN 2019.

4 1. Notwithstanding section 541B.3, subsection 1, paragraph  
5 "a", or any other provision of law to the contrary, an  
6 individual who opened a first-time homebuyer account during  
7 calendar year 2019 and who wishes to participate in the Iowa  
8 first-time homebuyer savings account program shall designate  
9 the account as a first-time homebuyer account on or before July  
10 31, 2020, on forms provided by the department of revenue.

11 2. Notwithstanding section 541B.3, subsection 2, paragraph  
12 "a", or any other provision of law to the contrary, an  
13 individual who opened a first-time homebuyer account during  
14 calendar year 2019 and who wishes to participate in the Iowa  
15 first-time homebuyer savings account program shall designate an  
16 individual as beneficiary of the first-time homebuyer savings  
17 account on or before July 31, 2020, on forms provided by the  
18 department of revenue.

19 Sec. 135. EFFECTIVE DATE. This division of this Act, being  
20 deemed of immediate importance, takes effect upon enactment.

21 DIVISION XXII

22 IOWA EDUCATIONAL SAVINGS PLAN TRUST (529 PLANS) —  
23 RECONTRIBUTIONS

24 Sec. 136. Section 422.7, subsection 32, paragraph c,  
25 subparagraph (1), Code 2020, is amended by adding the following  
26 new subparagraph division:

27 NEW SUBPARAGRAPH DIVISION. (d) (i) A recontribution of  
28 a refund of any qualified higher education expenses from an  
29 eligible educational institution to the extent that such refund  
30 has been recontributed to the Iowa educational savings plan  
31 trust described in chapter 12D and meets all of the following  
32 criteria:

33 (A) The recontribution is made to the same account from  
34 which the original withdrawal was made.

35 (B) The recontribution occurs within sixty days of the date

1 of refund.

2 (C) The recontribution amount does not exceed the amount  
3 refunded by the eligible educational institution.

4 (ii) A deduction under paragraph "a" shall not be taken for  
5 the amount of the recontribution.

6 Sec. 137. Section 422.7, subsection 32, paragraph c,  
7 subparagraph (2), subparagraph division (c), subparagraph  
8 subdivision (ii), Code 2020, is amended to read as follows:

9 (ii) For purposes of this subparagraph division (c),  
10 "*Internal Revenue Code*" means the Internal Revenue Code of  
11 1954, prior to the date of its redesignation as the Internal  
12 Revenue Code of 1986 by the Tax Reform Act of 1986, or means  
13 the Internal Revenue Code of 1986 as amended and in effect on  
14 January 1, 2018 2020. This definition shall not be construed  
15 to include any amendment to the Internal Revenue Code enacted  
16 after the date specified in the preceding sentence, including  
17 any amendment with retroactive applicability or effectiveness.

18 Sec. 138. EFFECTIVE DATE. This division of this Act, being  
19 deemed of immediate importance, takes effect upon enactment.

20 Sec. 139. RETROACTIVE APPLICABILITY. This division of this  
21 Act applies retroactively to January 1, 2019, for tax years  
22 beginning on or after that date.

#### DIVISION XXIII

##### 24 QUALIFYING PERSONAL PROTECTION EQUIPMENT — DONATION

25 Sec. 140. Section 423.6, Code 2020, is amended by adding the  
26 following new subsection:

27 NEW SUBSECTION. 18. Qualifying personal protective  
28 equipment and materials which are assembled to become  
29 qualifying personal protective equipment. For purposes of this  
30 subsection, "*qualifying personal protective equipment*" means  
31 personal protective equipment that is assembled and donated by  
32 a person during the period beginning with a state of disaster  
33 emergency proclamation by the governor under section 29C.6 and  
34 ending one hundred eighty days after the expiration of such  
35 proclamation.

1 Sec. 141. REFUNDS. Refunds of taxes, interest, or penalties  
2 that arise from claims resulting from the enactment of this  
3 division of this Act, for donations occurring prior to the  
4 effective date of this division of this Act, shall not be  
5 allowed unless claims are filed prior to October 1, 2020,  
6 notwithstanding any other provision of the law to the contrary.

7 Sec. 142. EFFECTIVE DATE. This division of this Act, being  
8 deemed of immediate importance, takes effect upon enactment.

9 Sec. 143. RETROACTIVE APPLICABILITY. This division of this  
10 Act applies retroactively to January 1, 2020, for qualifying  
11 personal protective equipment and materials assembled and  
12 donated on or after that date.

## DIVISION XXIV

## FOOD OPERATION TRESPASS

15 Sec. 144. Section 716.7A, subsection 1, paragraph d, as  
16 enacted by 2020 Iowa Acts, Senate File 2413, section 17, is  
17 amended to read as follows:

18 d. (1) "Food operation" means any of the following:

19        (1)    (a)    A location where a food animal is produced,  
20 maintained, or otherwise housed or kept, or processed in any  
21 manner.

22       (2)   **(b)**   A location other than as described in subparagraph  
23 ~~(1)~~ division (a) where a food animal is kept, including an  
24 apiary, livestock market, vehicle or trailer attached to a  
25 vehicle, fair, exhibition, or a business operated by a person  
26 licensed to practice veterinary medicine pursuant to chapter  
27 169.

28       (3)   (c)   A location where a meat food product, poultry  
29 product, milk or milk product, eggs or an egg product, aquatic  
30 product, or honey is prepared for human consumption, including  
31 a food processing plant, a slaughtering establishment operating  
32 under the provisions of 21 U.S.C. §451 et seq. or 21 U.S.C.  
33 §601 et seq.; or a slaughtering establishment subject to state  
34 inspection as provided in chapter 189A.

35 (4) (2) A "Food operation" does not include a food

1 establishment or farmers market that sells or offers for sale a  
2 meat food product, poultry product, milk or milk product, eggs  
3 or an egg product, aquatic product, or honey.

4 Sec. 145. EFFECTIVE DATE. This division of this Act, being  
5 deemed of immediate importance, takes effect upon enactment.

6 Sec. 146. RETROACTIVE APPLICABILITY. This division of this  
7 Act applies retroactively to June 10, 2020.

8 DIVISION XXV

9 SHORT-TERM RENTAL PROPERTIES

10 Sec. 147. Section 331.301, Code 2020, is amended by adding  
11 the following new subsection:

12 NEW SUBSECTION. 18. a. For purposes of this subsection,  
13 "short-term rental property" means any individually or  
14 collectively owned single-family house or dwelling unit;  
15 any unit or group of units in a condominium, cooperative,  
16 or timeshare; or an owner-occupied residential home that is  
17 offered for a fee for thirty days or less. "Short-term rental  
18 property" does not include a unit that is used for any retail,  
19 restaurant, banquet space, event center, or other similar use.

20 b. A county shall not adopt or enforce any regulation,  
21 restriction, or other ordinance, including a conditional use  
22 permit requirement, relating to short-term rental properties  
23 within the county. A short-term rental property shall be  
24 classified as a residential land use for zoning purposes.

25 c. Notwithstanding paragraph "b", a county may enact or  
26 enforce an ordinance that regulates, prohibits, or otherwise  
27 limits short-term rental properties for the following primary  
28 purposes if enforcement is performed in the same manner as  
29 enforcement applicable to similar properties that are not  
30 short-term rental properties:

31 (1) Protection of public health and safety related to fire  
32 and building safety, sanitation, or traffic control.

33 (2) Residential use and zoning purposes related to noise,  
34 property maintenance, or nuisance issues.

35 (3) Limitation or prohibition of use of property to house

1 sex offenders; to manufacture, exhibit, distribute, or sell  
2 illegal drugs, liquor, pornography, or obscenity; or to operate  
3 an adult-oriented entertainment establishment as described in  
4 section 239B.5, subsection 4, paragraph "a".

5 (4) To provide the county with an emergency contact for a  
6 short-term rental property.

7 d. A county shall not require a license or permit fee for a  
8 short-term rental property in the county.

9 Sec. 148. Section 414.1, subsection 1, Code 2020, is amended  
10 by adding the following new paragraph:

11 NEW PARAGRAPH. e. (1) For purposes of this paragraph,  
12 "*short-term rental property*" means any individually or  
13 collectively owned single-family house or dwelling unit;  
14 any unit or group of units in a condominium, cooperative,  
15 or timeshare; or an owner-occupied residential home that is  
16 offered for a fee for thirty days or less. "*Short-term rental*  
17 *property*" does not include a unit that is used for any retail,  
18 restaurant, banquet space, event center, or other similar use.

19 (2) A city shall not adopt or enforce any regulation,  
20 restriction, or other ordinance, including a conditional use  
21 permit requirement, relating to short-term rental properties  
22 within the city. A short-term rental property shall be  
23 classified as a residential land use for zoning purposes.

24 (3) Notwithstanding subparagraph (2), a city may enact or  
25 enforce an ordinance that regulates, prohibits, or otherwise  
26 limits short-term rental properties for the following primary  
27 purposes if enforcement is performed in the same manner as  
28 enforcement applicable to similar properties that are not  
29 short-term rental properties:

30 (a) Protection of public health and safety related to fire  
31 and building safety, sanitation, or traffic control.

32 (b) Residential use and zoning purposes related to noise,  
33 property maintenance, or nuisance issues.

34 (c) Limitation or prohibition of use of property to house  
35 sex offenders; to manufacture, exhibit, distribute, or sell

1 illegal drugs, liquor, pornography, or obscenity; or to operate  
2 an adult-oriented entertainment establishment as described in  
3 section 239B.5, subsection 4, paragraph "a".

4 (d) To provide the city with an emergency contact for a  
5 short-term rental property.

6 (4) A city shall not require a license or permit fee for a  
7 short-term rental property in the city.

8 DIVISION XXVI

9 RURAL IMPROVEMENT ZONES

10 Sec. 149. Section 357H.1, subsection 1, Code 2020, is  
11 amended to read as follows:

12 1. The board of supervisors of a county with less than  
13 twenty thousand residents, not counting persons admitted or  
14 committed to an institution enumerated in **section 218.1** or  
15 904.102, based upon the most recent certified federal census,  
16 and with a private lake real estate development adjacent to or  
17 abutting in part a lake may designate an area surrounding the  
18 lake, if it is an unincorporated area of the county, a rural  
19 improvement zone upon receipt of a petition pursuant to section  
20 357H.2, and upon the board's determination that the area is in  
21 need of improvements.

22 Sec. 150. EFFECTIVE DATE. This division of this Act, being  
23 deemed of immediate importance, takes effect upon enactment.

24 Sec. 151. APPLICABILITY. This division of this Act applies  
25 to rural improvement zones in existence on or established on or  
26 after the effective date of this division of this Act.

27 DIVISION XXVII

28 ENTERPRISE ZONE PROGRAM

29 Sec. 152. 2014 Iowa Acts, chapter 1130, section 27, is  
30 amended to read as follows:

31 SEC. 27. INVESTMENT TAX CREDITS ISSUED TO ELIGIBLE  
32 HOUSING BUSINESSES UNDER THE ENTERPRISE ZONE PROGRAM —  
33 TRANSFERABILITY. Notwithstanding the requirement in section  
34 15E.193B, subsection 8, Code 2014, that not more than three  
35 million dollars worth of tax credits for housing developments

1 located in a brownfield site or a blighted area shall be  
2 eligible for transfer in a calendar year unless the eligible  
3 housing business is also eligible for low-income housing tax  
4 credits authorized under section 42 of the Internal Revenue  
5 Code, and notwithstanding the requirement in section 15E.193B,  
6 subsection 8, Code 2014, that the economic development  
7 authority shall not approve more than one million five hundred  
8 thousand dollars in tax credit certificates for transfer to  
9 any one eligible housing business located on a brownfield  
10 site or in a blighted area in a calendar year, all investment  
11 tax credits determined under **section 15E.193B, subsection 6**,  
12 paragraph "a", Code 2014, for housing developments located on  
13 a brownfield site or in a blighted area may be approved by  
14 the economic development authority for transfer in calendar  
15 year 2014, or any subsequent calendar year, provided the  
16 eligible housing business was awarded the investment tax  
17 credit before the effective date of this section of this  
18 division of this Act and notifies the economic development  
19 authority, in writing, before July 1, 2014, of its intent to  
20 transfer such tax credits, or provided the eligible housing  
21 business was awarded the investment tax credit before July 1,  
22 2015, for a housing development located in a blighted area  
23 and in a county with a total population of less than one  
24 hundred five thousand as determined by the most recent federal  
25 decennial census, and submits a written request to the economic  
26 development authority before September 1, 2020, for approval  
27 to transfer such tax credits and provided the eligible housing  
28 business and the related housing development meet all other  
29 applicable requirements under section 15E.193B, Code 2014.  
30 Notwithstanding any other provision of law to the contrary, a  
31 tax credit transferred pursuant to this section shall not be  
32 claimed by a transferee prior to January 1, 2016.

33 Sec. 153. EFFECTIVE DATE. This division of this Act, being  
34 deemed of immediate importance, takes effect upon enactment.

35 Sec. 154. RETROACTIVE APPLICABILITY. This division of this

1 Act applies retroactively to May 30, 2014.

2 DIVISION XXVIII

3 FLYING OUR COLORS SPECIAL REGISTRATION PLATES

4 Sec. 155. Section 321.34, Code 2020, is amended by adding  
5 the following new subsection:

6 NEW SUBSECTION. 11D. *Flying our colors plates.*

7 a. Upon application and payment of the proper fees, the  
8 director may issue flying our colors plates to the owner of a  
9 motor vehicle subject to registration under section 321.109,  
10 subsection 1, autocycle, motor truck, motor home, multipurpose  
11 vehicle, motorcycle, trailer, or travel trailer.

12 b. Flying our colors plates shall be designed by the  
13 department. Flying our colors plates shall be navy along the  
14 top and red along the bottom, and contain a white space in the  
15 middle of the plate which shall include the plate's letters and  
16 numbers in black and a gray image of a bald eagle behind the  
17 plate's letters and numbers.

18 c. (1) The special flying our colors fee for letter-number  
19 designated flying our colors plates is thirty-five dollars.

20 An applicant may obtain personalized flying our colors plates  
21 upon payment of the fee for personalized plates as provided in  
22 subsection 5, which is in addition to the special fee. The  
23 fees collected by the director under this subsection shall be  
24 paid monthly to the treasurer of state and deposited in the  
25 road use tax fund.

26 (2) The treasurer of state shall credit monthly from the  
27 statutory allocations fund created under section 321.145,  
28 subsection 2, to the flood mitigation fund created under  
29 section 418.10, the amount of the special fees collected in the  
30 previous month for flying our colors plates. This subparagraph  
31 is repealed July 1, 2023.

32 d. Upon receipt of the special registration plates, the  
33 applicant shall surrender the current registration plates to  
34 the county treasurer. The county treasurer shall validate  
35 the special registration plates in the same manner as regular

1 registration plates are validated under this section. The  
2 annual special flying our colors fee for letter-number  
3 designated flying our colors plates is ten dollars which  
4 shall be paid in addition to the regular annual registration  
5 fee. The annual fee for personalized flying our colors  
6 plates is five dollars which shall be paid in addition to the  
7 annual special flying our colors fee and the regular annual  
8 registration fee. The annual special flying our colors fee  
9 shall be credited as provided under paragraph "c".

10 Sec. 156. Section 321.166, subsection 9, Code 2020, is  
11 amended to read as follows:

12 9. Special registration plates issued pursuant to section  
13 321.34, other than gold star, medal of honor, collegiate,  
14 fire fighter, natural resources, and blackout, and flying  
15 our colors registration plates, shall be consistent with the  
16 design and color of regular registration plates but shall  
17 provide a space on a portion of the plate for the purpose of  
18 allowing the placement of a distinguishing processed emblem or  
19 an organization decal. Special registration plates shall also  
20 comply with the requirements for regular registration plates  
21 as provided in **this section** to the extent the requirements are  
22 consistent with the section authorizing a particular special  
23 vehicle registration plate.>

24 2. Title page, line 8, by striking <port authorities> and  
25 inserting <short-term rentals, special registration plates>

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JAKE CHAPMAN