

Senate File 2419

S-5158

1 Amend Senate File 2419 as follows:

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

4 <DIVISION I

5 DEPARTMENT OF REVENUE ADMINISTRATION AND PENALTY PROVISIONS
6 Section 1. Section 421.6, Code 2020, is amended to read as
7 follows:

8 421.6 Definition of return.

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

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

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

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

28 1. Failure to timely file a return or deposit form.

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

33 b. In the case of a specified business with no tax shown
34 due or required to be shown due that fails to timely file an
35 income return, the specified business shall pay the greater of

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 the following penalty amounts:

2 (1) Two hundred dollars.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 section 633E.12.

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

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

9 4. Willful failure to file or deposit.

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

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

24 (a) One thousand five hundred dollars.

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

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

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

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

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

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

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

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

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

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

34 Sec. 5. Section 421.27, Code 2020, is amended by adding the
35 following new subsections:

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 NEW SUBSECTION. 8. *Definitions.* As used in this section:
2 a. "*Imputed Iowa liability*" means any of the following:
3 (1) In the case of corporations other than corporations
4 described in section 422.34 or section 422.36, subsection 5,
5 the corporation's Iowa net income after the application of the
6 Iowa business activity ratio, if applicable, multiplied by the
7 top income tax rate imposed under section 422.33 for the tax
8 year.

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

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

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

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

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

35 Sec. 6. NEW SECTION. **421.27A Perjury.**

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

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

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

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

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

16 c. The person knowingly makes any false affidavit.

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

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

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

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

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

33 a. A guardian, conservator, or custodian appointed by a
34 court, if a taxpayer has been deemed legally incompetent by a
35 court. The authority of the appointee to act on behalf of the

1 taxpayer shall be limited to the extent specifically stated in
2 the order of appointment.

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

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

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

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

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

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

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

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

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

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

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

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

5 e. A licensed attorney who has appeared on behalf of the
6 taxpayer or the taxpayer's estate in a court proceeding.

7 Authorization under this paragraph is limited to those matters
8 within the scope of the representation.

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

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

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

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

34 4. The department shall adopt rules pursuant to chapter 17A
35 to administer this section.

1 Sec. 8. Section 421.60, subsection 2, paragraph a,
2 subparagraph (2), Code 2020, is amended to read as follows:
3 (2) The statement prepared in accordance with this
4 paragraph shall be available on the department's internet site.
5 The internet site for this information shall be distributed by
6 the department to all taxpayers at the first contact by the
7 department with respect to the determination or collection of
8 any tax, except in the case of simply providing tax forms.

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

11 NEW SUBSECTION. 11. *Electronic communication.*

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

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

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

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

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

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

35 a. On or after January 1, 2020, a tax return preparer

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

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

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

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

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

11 1. It shall be unlawful for any present or former officer
12 or employee of the state to willfully or recklessly divulge or
13 to make known in any manner whatever not provided by law to
14 any person the amount or source of income, profits, losses,
15 expenditures, or any particular thereof, set forth or disclosed
16 in any income return, or to permit any income return or copy
17 thereof or any book containing any abstract or particulars
18 thereof to be seen or examined by any person except as provided
19 by law; and it shall be unlawful for any person to willfully or
20 recklessly print or publish in any manner whatever not provided
21 by law any income return, or any part thereof or source of
22 income, profits, losses, or expenditures appearing in any
23 income return; and any person committing an offense against the
24 foregoing provision shall be guilty of a serious misdemeanor.
25 If the offender is an officer or employee of the state, such
26 person shall also be dismissed from office or discharged from
27 employment. Nothing herein shall prohibit turning over to duly
28 authorized officers of the United States or tax officials of
29 other states state information and income returns pursuant
30 to agreement between the director and the secretary of the
31 treasury of the United States or the secretary's delegate or
32 pursuant to a reciprocal agreement with another state.

33 2. It is unlawful for an officer, employee, or agent, or
34 former officer, employee, or agent of the state to willfully
35 or recklessly disclose to any person, except as authorized

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

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

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

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

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

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

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

1 final order, decision, or opinion:

2 (1) A financial account number.

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

5 (3) A social security number.

6 (4) A federal employer identification number.

7 (5) The name of a minor.

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

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

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

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

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

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

35 Sec. 18. Section 422.69, subsection 1, Code 2020, is amended

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 to read as follows:

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

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

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

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

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

29 (1) A financial account number.

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

32 (3) A social security number.

33 (4) A federal employer identification number.

34 (5) The name of a minor.

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

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

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

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

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

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

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

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

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

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

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

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

24 **441.48 Notice of adjustment.**

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

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

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

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

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

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

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

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

27 a. The secretary of state shall refer the federal tax
28 identification number contained in the application for
29 reinstatement to the departments department of revenue and
30 workforce development. The departments department of revenue
31 and workforce development shall report to the secretary
32 of state the tax status of the corporation. If either the
33 department reports to the secretary of state that a filing
34 delinquency or liability exists against the corporation,
35 the secretary of state shall not cancel the certificate of

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 dissolution until the filing delinquency or liability is
2 satisfied.

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

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

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

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

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

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

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 month after the expiration of the tax year.

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

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

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

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

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

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

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

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

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

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

34 2. The portion of the section of this division of this Act
35 amending section 421.27, subsection 4.

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

DIVISION II

SALES AND USE TAX

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

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

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

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

34 2. a. The owner of the all-terrain vehicle shall file an
35 application for registration with the department through the

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

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

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

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

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

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

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

1 to the use of the service, and is provided exclusively in
2 connection with the service, and the true object of the
3 transaction is the service.

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

6 3A. The sales price from the sale of a commercial recreation
7 service offering the opportunity to hunt a preserve whitetail
8 as defined in section 484C.1 if the sale occurred between July
9 1, 2005, and December 31, 2015.

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

12 The sales price of tangible personal property or specified
13 digital products sold to and of services furnished to a tribal
14 government as defined in 216A.161, or the sales price of
15 tangible personal property or specified digital products sold
16 to and of services furnished, and used for public purposes
17 sold to a tax-certifying or tax-levying body of the state or a
18 governmental subdivision of the state, including the following:
19 regional transit systems, as defined in section 324A.1;
20 the state board of regents; department of human services;
21 state department of transportation; any municipally owned
22 solid waste facility which sells all or part of its processed
23 waste as fuel to a municipally owned public utility; and all
24 divisions, boards, commissions, agencies, or instrumentalities
25 of state, federal, county, or municipal government, or tribal
26 government which have no earnings going to the benefit of an
27 equity investor or stockholder, except any of the following:

28 Sec. 40. Section 423.3, Code 2020, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 60A. The sales price from sales of diapers
31 eligible for medical assistance as defined in section 249A.2.

32 Sec. 41. Section 423.3, subsection 80, paragraphs b and c,
33 Code 2020, are amended to read as follows:

34 b. Subject to the limitations in paragraph "c", if a
35 contractor, subcontractor, or builder is to use building

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

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

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

30 Sec. 42. Section 423.3, Code 2020, is amended by adding the
31 following new subsection:

32 NEW SUBSECTION. 107. The sales price from the sale of
33 feminine hygiene products. For purposes of this subsection,
34 "feminine hygiene products" means sanitary napkins, tampons, or
35 other similar items used for feminine hygiene.

1 Sec. 43. Section 423.4, subsection 1, Code 2020, is amended
2 to read as follows:

3 1. a. For purposes of this subsection, a "*designated exempt*
4 *entity*" means any of the following:

5 (1) A private nonprofit educational institution in this
6 state.

7 (2) A nonprofit Iowa affiliate of a nonprofit international
8 organization whose primary activity is the promotion of the
9 construction, remodeling, or rehabilitation of one-family or
10 two-family dwellings for low-income families.

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

12 (4) A tax-certifying or tax-levying body or governmental
13 subdivision of the state, including the state board of regents,
14 state department of human services, state department of
15 transportation.

16 (5) A municipally owned solid waste facility which sells all
17 or part of its processed waste as fuel to a municipally owned
18 public utility, ~~and all~~.

19 (6) The state of Iowa.

20 (7) Any political subdivision of the state.

21 (8) All divisions, boards, commissions, agencies, or
22 instrumentalities of state, federal, county, or municipal
23 government which do not have earnings going to the benefit of
24 an equity investor or stockholder.

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

29 b. A ~~designated exempt entity may make application apply~~
30 to the department for the refund of the sales or use tax upon
31 the sales price of all sales of ~~goods, wares, or merchandise~~
32 ~~building materials, supplies, equipment, or from services~~
33 furnished to a contractor, used in the fulfillment ~~performance~~
34 of a written contract with the ~~state of Iowa, any political~~
35 ~~subdivision of the state, or a division, board, commission,~~

1 agency, or instrumentality of the state or a political
2 subdivision, a private nonprofit educational institution in
3 this state, a nonprofit Iowa affiliate described in this
4 subsection, or a nonprofit private museum in this state if the
5 property becomes an integral part of the project under contract
6 and at the completion of the project becomes public property,
7 is devoted to educational uses, becomes part of a low-income
8 one-family or two-family dwelling in the state, or becomes a
9 nonprofit private museum; except goods, wares, or merchandise,
10 designated exempt entity if all of the following apply:

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

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

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

31 a. c. Such A contractor shall state under oath, on forms
32 provided by the department, the amount of such sales of goods,
33 wares, or merchandise, or services furnished and used in the
34 performance of such contract, and upon which sales or use tax
35 has been paid, and shall file such forms with the governmental

1 ~~unit, private nonprofit educational institution, nonprofit Iowa~~
2 ~~affiliate, or nonprofit private museum designated exempt entity~~
3 which has made any written contract for performance by the
4 contractor. The forms shall be filed by the contractor with
5 the ~~governmental unit, educational institution, nonprofit Iowa~~
6 ~~affiliate, or nonprofit private museum designated exempt entity~~
7 before final settlement is made.

8 b. d. Such ~~governmental unit, educational institution,~~
9 ~~nonprofit Iowa affiliate, or nonprofit private museum A~~
10 designated exempt entity shall, not more than one year after
11 the final settlement has been made, ~~make application apply~~
12 to the department for any refund of the amount of the sales
13 or use tax which shall have been paid upon any ~~goods, wares,~~
14 ~~or merchandise building materials, supplies, equipment,~~
15 or services furnished, the application to be made in the
16 manner and upon forms to be provided by the department,
17 and the department shall forthwith audit the claim and, if
18 approved, issue a warrant to the ~~governmental unit, educational~~
19 ~~institution, nonprofit Iowa affiliate, or nonprofit private~~
20 museum designated exempt entity in the amount of the sales or
21 use tax which has been paid to the state of Iowa under the
22 contract.

23 e. e. Refunds authorized under **this subsection** shall accrue
24 interest in accordance with **section 421.60, subsection 2,**
25 paragraph "e".

26 d. f. Any contractor who willfully makes a false report of
27 tax paid under the provisions of **this subsection** is guilty of
28 a simple misdemeanor and in addition shall be liable for the
29 payment of the tax and any applicable penalty and interest.

30 Sec. 44. Section 423.4, subsection 2, paragraphs a and b,
31 Code 2020, are amended to read as follows:

32 a. A contractor awarded a contract for a transportation
33 construction project is considered the consumer of all building
34 materials, building supplies, and equipment, and services and
35 shall pay sales tax to the supplier or remit consumer use tax

1 directly to the department.

2 b. The contractor is not required to file information with
3 the state department of transportation stating the amount of
4 ~~goods, wares, or merchandise, or services rendered, furnished,~~
5 ~~or performed and building materials, supplies, equipment, or~~
6 services used in the performance of the contract or the amount
7 of sales or use tax paid.

8 Sec. 45. Section 423.4, subsection 6, paragraph a,
9 subparagraph (1), Code 2020, is amended to read as follows:

10 (1) The owner of a collaborative educational facility
11 in this state may make application to the department for the
12 refund of the sales or use tax upon the sales price of all sales
13 of ~~goods, wares, or merchandise~~ building materials, supplies,
14 equipment, or from services furnished to a contractor, used
15 in the fulfillment of a written construction contract with
16 the owner of the collaborative educational facility for the
17 original construction, or additions or modifications to, a
18 building or structure to be used as part of the collaborative
19 educational facility.

20 Sec. 46. Section 423.4, subsection 6, paragraphs b and c,
21 Code 2020, are amended to read as follows:

22 b. Such A contractor shall state under oath, on forms
23 provided by the department, the amount of such sales of ~~goods,~~
~~wares, or merchandise~~ building materials, supplies, equipment,
25 or services furnished and used in the performance of such
26 contract, and upon which sales or use tax has been paid, and
27 shall file such forms with the owner of the collaborative
28 educational facility which has made any written contract for
29 performance by the contractor.

30 c. (1) The owner of the collaborative educational facility
31 shall, not more than one year after the final settlement has
32 been made, make application to the department for any refund
33 of the amount of the sales or use tax which shall have been
34 paid upon any ~~goods, wares, or merchandise~~ building materials,
35 supplies, equipment, or services furnished, the application

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 to be made in the manner and upon forms to be provided by
2 the department, and the department shall forthwith audit the
3 claim and, if approved, issue a warrant to the owner of the
4 collaborative educational facility in the amount of the sales
5 or use tax which has been paid to the state of Iowa under the
6 contract.

7 (2) Refunds authorized under this subsection shall accrue
8 interest in accordance with section 421.60, subsection 2,
9 paragraph "e".

10 Sec. 47. Section 423.5, subsection 1, paragraph b, Code
11 2020, is amended by striking the paragraph.

12 Sec. 48. Section 423.29, subsection 1, Code 2020, is amended
13 to read as follows:

14 1. Every seller who is a retailer and who is making taxable
15 sales of tangible personal property or specified digital
16 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
19 the time of making the sale, collect the sales tax. Every
20 seller who is a retailer that is not otherwise required to
21 collect sales tax under the provisions of this chapter and who
22 is selling tangible personal property or specified digital
23 products for use in Iowa shall, at the time of making the sale,
24 whether within or without the state, collect the use tax.

25 Sellers required to collect sales or use tax shall give to any
26 purchaser a receipt for the tax collected in the manner and
27 form prescribed by the director.

28 Sec. 49. Section 423.33, subsection 1, Code 2020, is amended
29 to read as follows:

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

31 a. If a purchaser fails to pay sales tax to the retailer
32 required to collect the tax, then in addition to all of the
33 rights, obligations, and remedies provided, the a use tax
34 is payable by the purchaser directly to the department, and
35 sections 423.31, 423.32, 423.37, 423.38, 423.39, 423.40,

1 423.41, and **423.42** apply to the purchaser.

2 **b.** For failure to pay the sales or use tax as described
3 in paragraph "a", the retailer and purchaser are jointly
4 liable, unless the circumstances described in section 29C.24,
5 subsection 3, paragraph "a", subparagraph (2), section 421.60,
6 subsection 2, paragraph "m", **section 423.34A**, or section
7 423.45, subsection 4, paragraph "b" or "e", or **subsection 5**,
8 paragraph "c" or "e", are applicable.

9 **c.** If the retailer fails to collect sales tax at the time
10 of the transaction, the retailer shall thereafter remit the
11 applicable sales tax, or the purchaser thereafter shall remit
12 the applicable use tax. If the purchaser remits all applicable
13 use tax, the retailer remains liable for any local sales and
14 services tax under chapter 423B that the retailer failed to
15 collect.

16 Sec. 50. REFUNDS RELATED TO PRESERVE WHITETAIL DEER
17 HUNTING. Refunds of taxes, interest, or penalties that arise
18 from claims resulting from the amendment of section 423.3,
19 subsection 3A, for sales occurring between July 1, 2005,
20 and the effective date of the amendment to section 423.3,
21 subsection 3A, shall not be allowed, notwithstanding any other
22 law to the contrary.

23 Sec. 51. LEGISLATIVE INTENT.

24 1. It is the intent of the general assembly that the section
25 of this division of this Act amending section 423.29 is a
26 conforming amendment consistent with current state law, and
27 that the amendment does not change the application of current
28 law but instead reflects current law both before and after the
29 enactment of this division of this Act.

30 2. It is the intent of the general assembly that the
31 addition of "jointly" in the section of this division of
32 this Act amending section 423.33 is a conforming amendment
33 consistent with current state law, and that the amendment
34 does not change the application of current law but instead
35 reflects current law both before and after the enactment of

1 this division of this Act.

2 Sec. 52. EFFECTIVE DATE. The following, being deemed of
3 immediate importance, take effect upon enactment:

4 1. The section of this division of this Act amending section
5 423.3, subsection 3A.

6 2. The section of this division of this Act relating
7 to refunds for commercial recreation services offering an
8 opportunity to hunt preserve whitetail deer.

9 Sec. 53. RETROACTIVE APPLICABILITY. The following applies
10 retroactively to July 1, 2005:

11 The section of this division of this Act amending section
12 423.3, subsection 3A.

13 DIVISION III
14 INCOME TAX

15 Sec. 54. Section 422.9, subsection 3, paragraph c, Code
16 2020, is amended by striking the paragraph and inserting in
17 lieu thereof the following:

18 c. A taxpayer may elect to waive the entire carryback period
19 with respect to an Iowa net operating loss for any taxable year
20 beginning on or after January 1, 2020. The election shall be
21 made in the manner and form prescribed by the department, and
22 shall be made by the due date for filing the taxpayer's Iowa
23 return, including extensions of time. After the election is
24 made for any taxable year, the election shall be irrevocable
25 for such taxable year. When an election has been properly
26 made, the Iowa net operating loss shall be carried forward
27 twenty taxable years.

28 Sec. 55. Section 422.9, subsection 3, paragraph d, Code
29 2020, is amended to read as follows:

30 d. Notwithstanding paragraph "a", for a taxpayer who is
31 engaged in the trade or business of farming, which means the
32 same as a "farming business" as defined in section 263A(e)(4) of
33 the Internal Revenue Code, and has a farming loss ~~from farming~~
34 as defined in section 172(b)(1)(B) of the Internal Revenue Code
35 including modifications prescribed by rule by the director,

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 the Iowa farming loss from the trade or business of farming is
2 a net operating loss which may, at the time of the election of
3 the taxpayer, be carried back five taxable years prior to the
4 taxable year of the loss. The election shall be made in the
5 manner and form prescribed by the department, and shall be made
6 by the due date for filing the taxpayer's return, including
7 extensions of time. After the election is made for any taxable
8 year, the election shall be irrevocable for such taxable year.

9 Sec. 56. APPLICABILITY. This division of this Act applies
10 to tax years beginning on or after January 1, 2020.

11 DIVISION IV

12 SCHOOL TUITION TAX CREDIT — FUNDING

13 Sec. 57. Section 422.11S, subsection 8, paragraph a,
14 subparagraph (2), Code 2020, is amended to read as follows:

15 (2) (a) "*Total approved tax credits*" means for the 2006
16 calendar year, two million five hundred thousand dollars, for
17 the 2007 calendar year, five million dollars, for calendar
18 years beginning on or after January 1, 2008, but before January
19 1, 2012, seven million five hundred thousand dollars, for
20 calendar years beginning on or after January 1, 2012, but
21 before January 1, 2014, eight million seven hundred fifty
22 thousand dollars, for calendar years beginning on or after
23 January 1, 2014, but before January 1, 2019, twelve million
24 dollars, and for calendar years beginning on or after January
25 1, 2019, but before January 1, 2020, thirteen million dollars,
26 and for calendar years beginning on or after January 1, 2020,
27 fifteen million dollars.

28 (b) (i) During any calendar year beginning on or after
29 January 1, 2022, if the amount of awarded tax credits from the
30 preceding calendar year are equal to or greater than ninety
31 percent of the total approved tax credits for the current
32 calendar year, the total approved tax credits for the current
33 calendar year shall equal the product of ten percent multiplied
34 by the total approved tax credits for the current calendar year
35 plus the total approved tax credits for the current calendar

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 year.

2 (ii) If total approved tax credits are recomputed pursuant
3 to subparagraph subdivision (i), the total approved tax credits
4 shall equal the previous total approved tax credits recomputed
5 pursuant to subparagraph subdivision (i) for purposes of future
6 recomputations under subparagraph subdivision (i), provided
7 that the maximum total approved tax credits recomputed pursuant
8 to this subparagraph division (b) shall not exceed twenty
9 million dollars in a calendar year.

10

DIVISION V

11

RESEARCH ACTIVITIES CREDIT

12 Sec. 58. Section 15.335, subsection 4, paragraph a, Code
13 2020, is amended to read as follows:

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

23 Sec. 59. Section 15.335, subsection 4, paragraph b,
24 unnumbered paragraph 1, Code 2020, is amended to read as
25 follows:

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

31 Sec. 60. Section 422.10, subsection 1, paragraphs c and d,
32 Code 2020, are amended to read as follows:

33 c. In lieu of the credit amount computed in paragraph "b",
34 subparagraph (1), subparagraph division (a), a taxpayer may
35 elect to compute the credit amount for qualified research

1 expenses incurred in this state in a manner consistent with the
2 alternative simplified credit described in section 41(e)(5)
3 41(c)(4) of the Internal Revenue Code. The taxpayer may make
4 this election regardless of the method used for the taxpayer's
5 federal income tax. The election made under this paragraph is
6 for the tax year and the taxpayer may use another or the same
7 method for any subsequent year.

8 d. For purposes of the alternate credit computation
9 method in paragraph "c", the credit percentages applicable to
10 qualified research expenses described in section 41(e)(5)(A)
11 41(c)(4)(A) and clause (ii) of section 41(e)(5)(B) 41(c)(4)(B)
12 of the Internal Revenue Code are four and fifty-five
13 hundredths percent and one and ninety-five hundredths percent,
14 respectively.

15 Sec. 61. Section 422.33, subsection 5, paragraphs c and d,
16 Code 2020, are amended to read as follows:

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

27 d. For purposes of the alternate credit computation
28 method in paragraph "c", the credit percentages applicable to
29 qualified research expenses described in section 41(e)(5)(A)
30 41(c)(4)(A) and clause (ii) of section 41(e)(5)(B) 41(c)(4)(B)
31 of the Internal Revenue Code are four and fifty-five
32 hundredths percent and one and ninety-five hundredths percent,
33 respectively.

34 Sec. 62. EFFECTIVE DATE. This division of this Act, being
35 deemed of immediate importance, takes effect upon enactment.

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

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

DIVISION VI

5 PARTNERSHIP AND PASS-THROUGH ENTITY AUDITS AND REPORTING OF
6 FEDERAL ADJUSTMENTS

7 Sec. 64. Section 421.27, subsection 2, paragraph c, Code
8 2020, is amended to read as follows:

9 c. (1) The Except in the case of a final federal
10 partnership adjustment governed by subparagraph (2), the
11 taxpayer provides written notification to the department of a
12 federal audit while it is in progress and voluntarily files an
13 amended return which includes a copy of the federal document
14 showing the final disposition or final federal adjustments
15 and pays any additional Iowa tax due within sixty one hundred
16 eighty days of the final disposition determination date of the
17 federal government's audit. For purposes of this subparagraph,
18 "final determination date" means the same as defined in section
19 422.25.

20 (2) (a) In the case of a final federal partnership
21 adjustment arising from a partnership level audit, with respect
22 to the audited partnership or a direct partner or indirect
23 partner of the audited partnership, the audited partnership,
24 direct partner, or indirect partner voluntarily and timely
25 complies with its reporting and payment requirements under
26 section 422.25A, subsection 4 or 5.

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

30 Sec. 65. Section 422.7, Code 2020, is amended by adding the
31 following new subsection:

32 NEW SUBSECTION. 59. Any income subtracted from federal
33 taxable income for an adjustment year pursuant to section 6225
34 of the Internal Revenue Code and the regulations thereunder
35 shall be added back in computing net income for state tax

1 purposes for the adjustment year.

2 Sec. 66. Section 422.25, subsections 1 and 2, Code 2020,
3 are amended by striking the subsections and inserting in lieu
4 thereof the following:

5 1. a. For purposes of this subsection:

6 (1) "*Federal adjustment*" means a change to an item or amount
7 required to be determined under the Internal Revenue Code and
8 the regulations thereunder that is used by the taxpayer to
9 compute state tax owed whether such change results from action
10 by the internal revenue service, or the filing of a timely
11 amended federal return or timely federal refund claim. A
12 federal adjustment is positive to the extent that it increases
13 Iowa taxable income as determined under this title and is
14 negative to the extent that it decreases Iowa taxable income
15 as determined under this title.

16 (2) "*Federal adjustments report*" means the method or form
17 required by the department by rule to report final federal
18 adjustments or final federal partnership adjustments as defined
19 in section 422.25A, and in the case of any entity taxed as a
20 partnership or S corporation for federal income tax purposes,
21 identifies all owners that hold an interest directly in such
22 entity and provides the effect of the final federal adjustments
23 on such owner's Iowa income.

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

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

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 taxpayer, the final determination date is the date on which the
2 last party signed the agreement.

3 (b) For federal adjustments arising from an internal
4 revenue service audit or other action by the internal revenue
5 service, if the taxpayer filed as a member of a consolidated
6 return under section 422.37, the final determination date
7 is the first day on which no related federal adjustments
8 arising from that audit or other action remain to be finally
9 determined, as described in subparagraph division (a), for the
10 entire group.

11 (c) For federal adjustments arising from a timely filed
12 amended federal return or a timely filed federal refund
13 claim, or if it is a federal adjustment reported on a timely
14 amended federal return or other similar report filed pursuant
15 to section 6225(c) of the Internal Revenue Code, the final
16 determination date is the day on which the amended return,
17 refund claim, or other similar report was filed.

18 (4) "*Final federal adjustment*" means a federal adjustment
19 after the final determination date for that federal adjustment
20 has passed.

21 b. Within three years after the return is filed or within
22 three years after the return became due, including any
23 extensions of time for filing, whichever time is the later,
24 the department shall examine the return and determine the tax.
25 However, if the taxpayer omits from income an amount which
26 will, under the Internal Revenue Code, extend the statute of
27 limitations for assessment of federal tax to six years under
28 the federal law, the period for examination and determination
29 is six years.

30 c. The period for examination and determination of the
31 correct amount of tax is unlimited in the case of a false or
32 fraudulent return made with the intent to evade tax or in the
33 case of a failure to file a return.

34 d. In lieu of the period of limitation for any prior year
35 for which an overpayment of tax or an elimination or reduction

1 of an underpayment of tax due for that prior year results from
2 the carryback to that prior year of a net operating loss or
3 net capital loss, the period is the period of limitation for
4 the taxable year of the net operating loss or net capital loss
5 which results in the carryback.

6 e. (1) In addition to the applicable period of limitation
7 for examination and determination in paragraph "b", "c", or "d",
8 the department may make an examination and determination at any
9 time within one year from the date of receipt by the department
10 of a federal adjustments report with respect to a final
11 federal adjustment or final federal partnership adjustment
12 as defined in section 422.25A for a particular tax year. In
13 order to begin the running of the one-year period, the federal
14 adjustments report related to the final federal adjustment or
15 final federal partnership adjustment shall be transmitted to
16 the department by the taxpayer in the form and manner specified
17 by the department by rule.

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

22 (3) The department may in its discretion and when
23 administratively feasible adopt a process through rule by
24 which a taxpayer may make estimated payments of tax expected
25 to result from a pending internal revenue service audit
26 prior to the filing of a federal adjustments report with the
27 department. The process shall provide that the estimated
28 tax payments shall be credited against any tax liability
29 ultimately found to be due to the state from the internal
30 revenue service audit and will limit the accrual of further
31 statutory interest on that liability. The process shall also
32 provide that if the estimated tax payments exceed the final
33 tax liability and statutory interest ultimately determined to
34 be due, the taxpayer is entitled to a refund or credit for
35 the excess, without interest, provided the taxpayer files a

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 federal adjustments report, or a claim for refund or credit of
2 tax under section 422.73, no later than one year following the
3 final determination date.

4 2. *a.* If the tax found due under subsection 1 is greater
5 than the amount paid, the department shall compute the amount
6 due, together with interest and penalties as provided in
7 paragraph "b", and shall mail a notice of assessment to the
8 taxpayer and, if applicable, to the taxpayer's authorized
9 representative of the total, which shall be computed as a sum
10 certain, with interest computed to the last day of the month
11 in which the notice is dated.

12 *b.* In addition to the tax or additional tax determined
13 by the department under subsection 1, the taxpayer shall pay
14 interest on the tax or additional tax at the rate in effect
15 under section 421.7 for each month counting each fraction of
16 a month as an entire month, computed from the date the return
17 was required to be filed. In addition to the tax or additional
18 tax, the taxpayer shall pay a penalty as provided in section
19 421.27.

20 Sec. 67. NEW SECTION. 422.25A Reporting and treatment of
21 certain partnership adjustments.

22 1. *Definitions.* As used in this section and sections
23 422.25B and 422.25C, unless the context otherwise requires:

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

26 *b.* "*Audited partnership*" means a partnership subject
27 to a final federal partnership adjustment resulting from a
28 partnership level audit.

29 *c.* "*C corporation*" means an entity that elects or is
30 required to be taxed as a corporation under title 26, chapter
31 1, subchapter A, part 2, of the Internal Revenue Code.

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

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

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

3 *g.* "Federal adjustments report" means the same as defined
4 in section 422.25.

5 *h.* "Federal partnership adjustment" means a change to an
6 item or amount required to be determined under the Internal
7 Revenue Code and the regulations thereunder that is used by a
8 partnership and its direct and indirect partners to compute
9 state tax owed for the reviewed year where such change results
10 from a partnership level audit or an administrative adjustment
11 request. A federal partnership adjustment is positive to the
12 extent that it increases Iowa taxable income as determined
13 under this title and is negative to the extent that it
14 decreases Iowa taxable income as determined under this title.
15 A federal adjustment reported on an amended federal return
16 or other similar report filed pursuant to section 6225(c) of
17 the Internal Revenue Code shall not be considered a federal
18 partnership adjustment for purposes of this section.

19 *i.* "Federal partnership representative" means the person
20 the partnership designates for the taxable year as the
21 partnership's representative, or the person the internal
22 revenue service has appointed to act as the federal partnership
23 representative, pursuant to section 6223(a) of the Internal
24 Revenue Code and the regulations thereunder.

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

27 *k.* "Final determination date" means any one of the following
28 dates:

29 (1) In the case of a federal partnership adjustment that
30 arises from a partnership level audit, the first day on which
31 no federal adjustments arising from that audit remain to be
32 finally determined, whether by agreement, or, if appealed
33 or contested, by a final decision with respect to which all
34 rights of appeal have been waived or exhausted. For agreements
35 required to be signed by the internal revenue service and the

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 audited partnership, the final determination date is the date
2 on which the last party signed the agreement.

3 (2) In the case of a federal partnership adjustment that
4 results from a timely filed administrative adjustment request,
5 the day on which the administrative adjustment request was
6 filed with the internal revenue service.

7 1. "*Final federal partnership adjustment*" means a federal
8 partnership adjustment after the final determination date for
9 that federal partnership adjustment has passed.

10 m. "*Indirect partner*" means a partner in a partnership or
11 pass-through entity where such partnership or pass-through
12 entity itself holds an interest directly, or through another
13 indirect partner, in a partnership or pass-through entity.

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

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

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

20 q. "*Partnership*" means an entity subject to taxation
21 under subchapter K of the Internal Revenue Code and the
22 regulations thereunder and includes but is not limited to a
23 syndicate, group, pool, joint venture, or other unincorporated
24 organization through or by means of which any business,
25 financial operation, or venture is carried on and which is
26 not, within the meaning of this chapter, a trust, estate, or
27 corporation.

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

35 s. "*Pass-through entity*" means an entity, other than

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 a partnership, that is not subject to tax under section
2 422.33 for C corporations but excluding an exempt partner.
3 "Pass-through entity" includes but is not limited to S
4 corporations, estates, and trusts other than grantor trusts.

5 *t.* "Reallocation adjustment" means a final federal
6 partnership adjustment that changes the shares of items of
7 partnership income, gain, loss, expense, or credit allocated
8 to a partner that holds an interest directly in a partnership
9 or pass-through entity. A positive reallocation adjustment
10 means the portion of a reallocation adjustment that would
11 increase Iowa taxable income for such partners, and a negative
12 reallocation adjustment means the portion of a reallocation
13 adjustment that would decrease Iowa taxable income for such
14 partners.

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

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

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

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

21 *v.* "Reviewed year" means the taxable year of a partnership
22 that is subject to a partnership level audit from which final
23 federal partnership adjustments arise, or otherwise means the
24 taxable year of the partnership or pass-through entity that is
25 the subject of a state partnership audit.

26 *w.* "State partnership audit" means an examination by the
27 director at the partnership or pass-through entity level which
28 results in adjustments to partnership or pass-through entity
29 related items or reallocations of income, gains, losses,
30 expenses, credits, and other attributes among such partners for
31 the reviewed year.

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

34 *y.* "Unrelated business income" means the income which is
35 defined in section 512 of the Internal Revenue Code and the

1 regulations thereunder.

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

5 3. *State partnership representative.* Notwithstanding any
6 other law to the contrary, the state partnership representative
7 for the reviewed year shall have the sole authority to act on
8 behalf of the partnership or pass-through entity with respect
9 to an action required or permitted to be taken by a partnership
10 or pass-through entity under this section or section 422.28 or
11 422.29 with respect to final federal partnership adjustments
12 arising from a partnership level audit or an administrative
13 adjustment request, and its direct partners and indirect
14 partners shall be bound by those actions.

15 4. *Reporting and payment requirements for audited
16 partnerships and their partners subject to final federal
17 partnership adjustments.*

18 a. Unless an audited partnership makes the election in
19 subsection 5, the audited partnership shall do all of the
20 following for all final federal partnership adjustments no
21 later than ninety days after the final determination date of
22 the audited partnership:

23 (1) File a completed federal adjustments report.

24 (2) Notify each direct partner of such partner's
25 distributive share of the adjustments in the manner and form
26 prescribed by the department by rule.

27 (3) File an amended composite return under section 422.13
28 if one was originally filed, and if applicable for withholding
29 from partners, file an amended withholding report under
30 section 422.16, and pay the additional amount under this title
31 that would have been due had the final federal partnership
32 adjustments been reported properly as required, including any
33 applicable interest and penalties.

34 b. Unless an audited partnership paid an amount on behalf
35 of the direct partners of the audited partnership pursuant to

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 subsection 5, all direct partners of the audited partnership
2 shall do all of the following no later than one hundred
3 eighty days after the final determination date of the audited
4 partnership:

5 (1) File a completed federal adjustments report reporting
6 the direct partner's distributive share of the adjustments
7 required to be reported to such partners under paragraph "a".

8 (2) If the direct partner is a tiered partner, notify all
9 partners that hold an interest directly in the tiered partner
10 of such partner's distributive share of the adjustments in the
11 manner and form prescribed by the department by rule.

12 (3) If the direct partner is a tiered partner and subject to
13 section 422.13, file an amended composite return under section
14 422.13 if such return was originally filed, and if applicable
15 for withholding from partners file an amended withholding
16 report under section 422.16 if one was originally required to
17 be filed.

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

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

25 (1) Within ninety days after the time for filing and
26 furnishing statements to tiered partners and their partners
27 as established by section 6226 of the Internal Revenue Code
28 and the regulations thereunder, file a completed federal
29 adjustments report.

30 (2) If the indirect partner is a tiered partner, within
31 ninety days after the time for filing and furnishing statements
32 to tiered partners and their partners as established by
33 section 6226 of the Internal Revenue Code and the regulations
34 thereunder but within sufficient time for all indirect partners
35 to also complete the requirements of this subsection, notify

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

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

5 (3) Within ninety days after the time for filing and
6 furnishing statements to tiered partners and their partners
7 as established by section 6226 of the Internal Revenue Code
8 and the regulations thereunder, if the indirect partner
9 is a tiered partner and subject to section 422.13, file an
10 amended composite return under section 422.13 if such return
11 was originally filed, and if applicable for withholding from
12 partners, file an amended withholding report under section
13 422.16 if one was originally required to be filed.

14 (4) Within ninety days after the time for filing and
15 furnishing statements to tiered partners and the partners of
16 the tiered partners as established by section 6226 of the
17 Internal Revenue Code and the regulations thereunder, pay any
18 additional amount due under this title, including any penalty
19 and interest that would have been due had the final federal
20 partnership adjustments been reported properly as required.

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

22 a. An audited partnership, or a tiered partner that receives
23 a notification of a final federal partnership adjustment under
24 subsection 4, may make an election to pay as provided under
25 this subsection.

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

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

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

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

6 (3) For an indirect tiered partner, within ninety days
7 after the time for filing and furnishing statements to a
8 tiered partner and the partner of the tiered partner, as
9 established by section 6226 of the Internal Revenue Code and
10 the regulations thereunder.

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

13 (1) Exclude from final federal partnership adjustments and
14 any positive reallocation adjustments the distributive share
15 of such adjustments reported to an exempt partner that holds
16 an interest directly in the audited partnership if the audited
17 partnership is making the election or that holds an interest
18 directly in the tiered partner if the tiered partner is making
19 the election, but only to the extent the distributive share is
20 not unrelated business income.

21 (2) Determine the total distributive share of all final
22 federal partnership adjustments and positive reallocation
23 adjustments as modified by this title that are reported to
24 corporate partners, and to exempt partners to the extent the
25 distributive share is unrelated business income, and allocate
26 and apportion such adjustments as provided in section 422.33
27 at the partnership or tiered partner level, and multiply the
28 resulting amount by the maximum state corporate income tax rate
29 pursuant to section 422.33 for the reviewed year.

30 (3) Determine the total distributive share of all final
31 federal partnership adjustments and positive reallocation
32 adjustments as modified by this title that are reported to
33 nonresident individual partners and nonresident fiduciary
34 partners and allocate and apportion such adjustments as
35 provided in section 422.33 at the partnership or tiered

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 partner level, and multiply the resulting amount by the maximum
2 individual income tax rate pursuant to section 422.5A for the
3 reviewed year.

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

7 (a) Determine the amount of such adjustments which are of a
8 type that would be subject to sourcing to Iowa under section
9 422.8, subsection 2, paragraph "a", as a nonresident, and then
10 determine the portion of this amount that would be sourced to
11 Iowa under those provisions as if the tiered partner were a
12 nonresident.

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

16 (c) Determine the portion of the amount in subparagraph
17 division (b) that can be established, as prescribed by the
18 department by rule, to be properly allocable to indirect
19 partners that are nonresident partners or other partners not
20 subject to tax on the adjustments.

21 (d) Multiply the total of the amounts determined in
22 subparagraph divisions (a) and (b), reduced by any amount
23 determined in subparagraph division (c), by the highest
24 individual income tax rate pursuant to section 422.5A for the
25 reviewed year.

26 (5) For the total distributive share of all final federal
27 partnership adjustments and positive reallocation adjustments
28 as modified by this title that are reported to resident
29 individual partners and resident fiduciary partners, multiply
30 that amount by the highest individual income tax rate pursuant
31 to section 422.5A for the reviewed year.

32 (6) Total the amounts computed pursuant to subparagraphs
33 (2) through (5) and calculate any interest and penalty as
34 provided under this title. Notwithstanding any provision of
35 law to the contrary, interest and penalties on the amount due

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 by the audited partnership or tiered partner shall be computed
2 from the day after the due date of the reviewed year return
3 without extension, and shall be imposed as if the audited
4 partnership or tiered partner was required to pay tax or show
5 tax due on the original return for the reviewed year.

6 d. Adjustments subject to the election in this subsection
7 do not include any adjustments arising from an administrative
8 adjustment request.

9 e. An audited partnership or tiered partner not otherwise
10 subject to any reporting or payment obligation to Iowa that
11 makes an election under this subsection consents to be subject
12 to the Iowa laws related to reporting, assessment, collection,
13 and payment of Iowa tax, interest, and penalties calculated
14 under the election.

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

30 7. *Effect of election by partnership or tiered partner and
31 payment of amount due.*

32 a. The election made under subsection 5 is irrevocable,
33 unless in the discretion of the director, the director
34 determines otherwise.

35 b. The amount determined in subsection 5, when properly

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 reported and paid by the audited partnership or tiered partner,
2 shall be treated as paid on behalf of the partners of such
3 audited partnership or tiered partner on the same final federal
4 partnership adjustments, provided, however, that no partner may
5 take any deduction or credit for the amount, claim a refund of
6 the amount, or include the amount on such partner's Iowa return
7 in any manner.

8 c. In the event another state offers to an audited
9 partnership or tiered partner a similar election to pay state
10 tax resulting from final federal partnership adjustments,
11 nothing in this subsection shall prohibit a resident who holds
12 an interest directly in that audited partnership or tiered
13 partner, as the case may be, from claiming a credit for taxes
14 paid by the resident to another state under section 422.8,
15 subsection 1, for any amounts paid by the audited partnership
16 or tiered partner on such resident partner's behalf to another
17 state, provided such payment otherwise meets the requirements
18 of section 422.8, subsection 1.

19 d. Nothing in this section shall prohibit the department
20 from assessing direct partners and indirect partners for taxes
21 they owe in the event that an audited partnership or tiered
22 partner fails to timely make any report or payment required by
23 this section for any reason.

24 8. *Assessments of additional Iowa income tax, interest, and*
25 *penalties, and claims for refund, arising from final federal*
26 *partnership adjustments.*

27 a. The department shall assess additional Iowa income
28 tax, interest, and penalties arising from final federal
29 partnership adjustments in the same manner as provided in
30 this title unless a different treatment is provided by this
31 subsection. Since final federal partnership adjustments are
32 determined at the audited partnership level, any assessment
33 issued to partners shall not be appealable by the partner.
34 The department may assess any taxes, including on-behalf-of
35 amounts, interest, and penalties arising from the final federal

1 partnership adjustments if it issues a notice of assessment to
2 the audited partnership, tiered partner, or other direct or
3 indirect partner on or before the expiration of the applicable
4 limitations period specified in section 422.25.

5 b. In addition to the period for claiming a refund or credit
6 provided in section 422.73, subsection 1, paragraph "a", and
7 notwithstanding section 422.73, subsection 1, paragraph "b",
8 a partnership, tiered partner, or other direct or indirect
9 partner, as the case may be, may file a claim for refund of
10 Iowa income tax arising directly or indirectly from a final
11 federal partnership adjustment arising from a partnership level
12 audit on or before the date which is one year from the date the
13 federal adjustments report for that final federal partnership
14 adjustment was required to be filed by such person under this
15 section.

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

18 Sec. 68. NEW SECTION. 422.25B State partnership
19 representative.

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

23 2. The state partnership representative for the reviewed
24 year for a partnership shall be the partnership's federal
25 partnership representative with respect to an action required
26 or permitted to be taken by a state partnership representative
27 under this chapter for a reviewed year, unless the partnership
28 designates in writing another person as the state partnership
29 representative as provided in subsection 3. The state
30 partnership representative for the reviewed year for a
31 pass-through entity is the person designated in subsection 3.

32 3. The department may establish reasonable qualifications
33 for a person to be a state partnership representative. If
34 a partnership desires to designate a person other than the
35 federal partnership representative, the partnership shall

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 designate such person in the manner and form prescribed by the
2 department. A pass-through entity shall designate a person as
3 the state partnership representative in the manner and form
4 prescribed by the department. A partnership or pass-through
5 entity shall be allowed to change such designation by notifying
6 the department at the time the change occurs in the manner and
7 form prescribed by the department.

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

10 Sec. 69. NEW SECTION. 422.25C Partnership and pass-through
11 entity audits and examinations — consistent treatment of
12 entity-level items — binding actions — amended returns.

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

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

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 other tax attributes of the partnership as determined pursuant
2 to this chapter for the reviewed year. The department shall
3 issue a notice of adjustment to the partnership or pass-through
4 entity. Such notice shall be treated as an assessment for
5 the purposes of section 422.25, and the notice shall be
6 appealable by the partnership or pass-through entity pursuant
7 to sections 422.28 and 422.29 and shall be issued within the
8 time period provided by section 422.25. Once the adjustments
9 to partnership-related or pass-through entity-related items or
10 reallocations of income, gains, losses, expenses, credits, and
11 other attributes among such partners for the reviewed year are
12 finally determined, the partnership or pass-through entity and
13 any direct partners or indirect partners shall then be subject
14 to the provisions of section 422.25, subsection 1, paragraph
15 "e", and section 422.25A in the same manner as if the state
16 partnership audit were a federal partnership level audit, and
17 as if the final state partnership audit adjustment were a final
18 federal partnership adjustment. The penalty exceptions in
19 section 421.27, subsection 2, paragraphs "b" and "c", shall not
20 apply to a state partnership audit.

21 3. The state partnership representative for the reviewed
22 year as determined under section 422.25B shall have the sole
23 authority to act on behalf of the partnership or pass-through
24 entity with respect to an action required or permitted to
25 be taken by a partnership or pass-through entity under this
26 section, including proceedings under section 422.28 or 422.29,
27 and the partnership's or pass-through entity's direct partners
28 and indirect partners shall be bound by those actions.

29 4. If the department, the partnership or pass-through
30 entity, and the partnership or pass-through entity owners
31 agree, the provisions of this section may be applied to tax
32 years beginning before January 1, 2020.

33 5. The department may adopt rules pursuant to chapter 17A to
34 implement this section.

35 Sec. 70. Section 422.35, Code 2020, is amended by adding the

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 following new subsection:

2 **NEW SUBSECTION.** 26. Any income subtracted from federal
3 taxable income for an adjustment year pursuant to section 6225
4 of the Internal Revenue Code and the regulations thereunder
5 shall be added back in computing net income for state tax
6 purposes for the adjustment year.

7 Sec. 71. Section 422.39, Code 2020, is amended by striking
8 the section and inserting in lieu thereof the following:

9 **422.39 Statutes applicable to corporations and corporation
10 tax.**

11 All the provisions of sections 422.24 through 422.27
12 of division II, respecting payment, collection, reporting,
13 examination, and assessment, shall apply in respect to a
14 corporation subject to the provisions of this division and to
15 the tax due and payable by a corporation taxable under this
16 division. This includes but is not limited to a corporation
17 that is a pass-through entity as defined in section 422.25A.

18 Sec. 72. Section 422.73, Code 2020, is amended by adding the
19 following new subsection:

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

23 Sec. 73. Section 422.73, subsections 1 and 3, Code 2020, are
24 amended to read as follows:

25 1. a. If it appears that an amount of tax, penalty, or
26 interest has been paid which was not due under **division II,**
27 **III** or **V of this chapter**, then that amount shall be credited
28 against any tax due on the books of the department by the
29 person who made the excessive payment, or that amount shall be
30 refunded to the person or with the person's approval, credited
31 to tax to become due. A claim for refund or credit that has
32 not been filed with the department within three years after
33 the return upon which a refund or credit claimed became due,
34 or within one year after the payment of the tax upon which a
35 refund or credit is claimed was made, whichever time is the

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 later, shall not be allowed by the director. If, as a result of
2 a carryback of a net operating loss or a net capital loss, the
3 amount of tax in a prior period is reduced and an overpayment
4 results, the claim for refund or credit of the overpayment
5 shall be filed with the department within the three years after
6 the return for the taxable year of the net operating loss or
7 net capital loss became due.

8 b. Notwithstanding the period of limitation specified in
9 paragraph "a", the taxpayer shall have ~~six months~~ one year from
10 the ~~day of final disposition~~ final determination date of any
11 ~~income tax matter between the taxpayer and the internal revenue~~
12 ~~service final federal adjustment arising from an internal~~
13 ~~revenue service audit or other similar action by the internal~~
14 ~~revenue service~~ with respect to the particular tax year to
15 claim an income tax refund or credit arising from that final
16 federal adjustment.

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

31 Sec. 74. APPLICABILITY. This division of this Act applies
32 to federal adjustments and federal partnership adjustments that
33 have a final determination date after the effective date of
34 this division of this Act.

35

DIVISION VII

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 SETOFF PROCEDURES — RULEMAKING — EFFECTIVE DATE
2 Sec. 75. RULES. The following applies to 2020 Iowa Acts,
3 Senate file 2328 or House File 2565, if enacted:

4 The department of revenue shall adopt rules governing
5 setoffs that occur during the transition from the department of
6 administrative services to the department of revenue.

7 Sec. 76. 2020 Iowa Acts, Senate File 2328, if enacted, is
8 amended by adding the following new section:

9 NEW SECTION. Sec. 28. EFFECTIVE DATE. This Act takes
10 effect on the later of January 1, 2021, or the effective date
11 of the rules adopted by the department of revenue pursuant
12 to chapter 17A implementing this Act other than transitional
13 rules.

14 Sec. 77. 2020 Iowa Acts, House File 2565, section 28, if
15 enacted, is amended to read as follows:

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

20 Sec. 78. EFFECTIVE DATE. This division of this Act, being
21 deemed of immediate importance, takes effect upon enactment.

22 Sec. 79. RETROACTIVE APPLICABILITY. This division of this
23 Act applies retroactively to the effective date of 2020 Iowa
24 Acts, Senate File 2328 or House File 2565, if enacted.

DIVISION VIII

26 BUSINESS INTEREST EXPENSE DEDUCTION AND GLOBAL INTANGIBLE
27 LOW-TAXED INCOME

28 Sec. 80. Section 422.7, Code 2020, is amended by adding the
29 following new subsection:

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

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 under rules prescribed by the director.

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

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

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

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

18 Sec. 81. Section 422.35, Code 2020, is amended by adding the
19 following new subsections:

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

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

31 c. For any tax year in which paragraph "a" does not apply,
32 a taxpayer shall not be permitted to deduct any amount of
33 interest expense paid or accrued in a previous taxable year
34 that is allowed as a deduction in the current taxable year by
35 reason of the carryforward of disallowed business interest

1 provisions of section 163(j)(2) of the Internal Revenue Code,
2 if either of the following apply:

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

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

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

11 Sec. 82. RESCISSION OF ADMINISTRATIVE RULES.

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

15 a. 701 Iowa administrative code, rule 54.2, subrule 3,
16 paragraph "i".

17 b. 701 Iowa administrative code, rule 59.28, subrule 2,
18 paragraph "p".

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

23 Sec. 83. EFFECTIVE DATE. This Act, being deemed of
24 immediate importance, takes effect upon enactment.

25 Sec. 84. RETROACTIVE APPLICABILITY. The following applies
26 retroactively to January 1, 2019, for tax years beginning on
27 or after that date:

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

30 Sec. 85. RETROACTIVE APPLICABILITY. The following apply
31 retroactively to January 1, 2020 for tax years beginning on or
32 after that date:

33 1. The section of this division of this Act enacting section
34 422.7, subsection 59.

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

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 enacting section 422.35, subsection 26.

2 DIVISION IX

3 IOWA REINVESTMENT ACT

4 Sec. 86. Section 15J.2, subsections 4, 7, 8, and 9, Code
5 2020, are amended to read as follows:

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

8 7. "*Municipality*" means ~~a county or an incorporated city~~.

9 any of the following:

10 a. A county.

11 b. An incorporated city.

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

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

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

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

30 b. "*New retail establishment*" also includes any business
31 operated in the district by a retailer, as defined in section
32 423.1, if the place of business for that retail establishment
33 is the subject of a project that was approved by the board.

34 Sec. 87. Section 15J.4, subsection 1, unnumbered paragraph
35 1, Code 2020, is amended to read as follows:

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

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

9 Sec. 88. Section 15J.4, subsection 1, paragraphs c and d,
10 Code 2020, are amended to read as follows:

11 c. The For districts approved before July 1, 2018, the area
12 consists of contiguous parcels and does not exceed twenty-five
13 acres in total. For districts approved on or after July 1,
14 2020, the area consists of contiguous parcels and does not
15 exceed seventy-five acres in total.

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

20 Sec. 89. Section 15J.4, subsection 3, paragraph a, Code
21 2020, is amended to read as follows:

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

27 Sec. 90. Section 15J.4, subsection 3, paragraph b,
28 subparagraph (6), Code 2020, is amended to read as follows:

29 (6) The amount of proposed capital investment within the
30 proposed district related to retail businesses in the proposed
31 district does not exceed fifty percent of the total capital
32 investment for all proposed projects in the proposed district
33 plan. For the purposes of this subparagraph, "*retail business*"
34 means any business engaged in the business of selling tangible
35 personal property or taxable services at retail in this state

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 that is obligated to collect state sales or use tax under
2 chapter 423. However, for the purposes of this subparagraph,
3 "retail business" does not include a new lessor or a business
4 engaged in an activity subject to tax under section 423.2,
5 subsection 3.

6 Sec. 91. Section 15J.4, subsection 3, paragraph f, Code
7 2020, is amended to read as follows:

8 f. (1) The total aggregate amount of state sales tax
9 revenues and state hotel and motel tax revenues that may be
10 approved by the board for remittance to all municipalities and
11 that may be transferred to the state reinvestment district
12 fund under **section 423.2A** or **423A.6**, and remitted to all
13 municipalities having a reinvestment district under this
14 chapter for districts approved by the board before July 1,
15 2018, shall not exceed one hundred million dollars.

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

24 Sec. 92. Section 15J.4, subsections 4 and 5, Code 2020, are
25 amended to read as follows:

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

34 b. For each district approved by the board on or after July
35 1, 2020, the municipality shall include in the notification

1 under paragraph "a" and in the statement required under
2 paragraph "c" all of the following:

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

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

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

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

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

1 be included under subsection 4.

2 Sec. 93. Section 15J.5, subsection 1, paragraph b, Code
3 2020, is amended to read as follows:

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

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

19 Sec. 94. Section 15J.5, subsection 2, paragraph b, Code
20 2020, is amended to read as follows:

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

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

1 15J.4, subsection 4, paragraph "b", subparagraph (2), that were
2 in operation at the end of the quarter.

3 Sec. 95. Section 15J.7, subsection 4, paragraph b, Code
4 2020, is amended to read as follows:

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

17 Sec. 96. Section 15J.7, subsection 6, Code 2020, is amended
18 to read as follows:

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

28 Sec. 97. Section 15J.8, Code 2020, is amended to read as
29 follows:

30 **15J.8 End of deposits — district dissolution.**

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

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 date. Following the expiration of the twenty-year period, the
2 district shall be dissolved by ordinance or resolution of the
3 municipality adopted within twelve months of the conclusion of
4 the twenty-year period.

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

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

DIVISION X

COMPUTER PERIPHERALS

26 Sec. 98. Section 423.1, Code 2020, is amended by adding the
27 following new subsection:

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

32 Sec. 99. Section 423.3, subsection 47, Code 2020, is amended
33 to read as follows:

34 47. a. The sales price from the sale or rental of
35 computers, computer peripherals, machinery, equipment,

1 replacement parts, supplies, and materials used to construct
2 or self-construct computers, computer peripherals, machinery,
3 equipment, replacement parts, and supplies, if such items are
4 any of the following:

5 (1) Directly and primarily used in processing by a
6 manufacturer.

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

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

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

18 (5) Directly and primarily used in recycling or
19 reprocessing of waste products.

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

23 b. The sales price from the sale of fuel used in creating
24 heat, power, steam, or for generating electrical current, or
25 from the sale of electricity, consumed by computers, computer
26 peripherals, machinery, or equipment used in an exempt manner
27 described in paragraph "a", subparagraph (1), (2), (3), (5), or
28 (6).

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

31 (1) Hand tools.

32 (2) Point-of-sale equipment, and computers, and computer
33 peripherals.

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

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 (a) Computers.
2 (b) Computer peripherals.
3 (c) Machinery.
4 (d) Equipment, including pollution control equipment.
5 (e) Replacement parts.
6 (f) Supplies.
7 (g) Materials used to construct or self-construct the
8 following:

9 (i) Computers.
10 (ii) Computer peripherals.
11 (iii) Machinery.
12 (iv) Equipment, including pollution control
13 equipment.

14 (v) Replacement parts.
15 (vi) Supplies.

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

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

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

25 (2) "*Financial institution*" means as defined in section
26 527.2.

27 (3) "*Insurance company*" means an insurer organized or
28 operating under **chapter 508, 514, 515, 518, 518A, 519**, or
29 520, or authorized to do business in Iowa as an insurer or an
30 insurance producer under **chapter 522B**.

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

1 (b) "Manufacturer" includes contract manufacturers. A
2 contract manufacturer is a manufacturer that otherwise falls
3 within the definition of manufacturer, except that a contract
4 manufacturer does not sell the tangible personal property
5 the contract manufacturer processes on behalf of other
6 manufacturers.

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

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

17 (d) For purposes of this subparagraph:

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

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

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

31 (iii) "Manufacturing" does not include activities occurring
32 on premises primarily used to make retail sales.

33 (5) "Processing" means a series of operations in which
34 materials are manufactured, refined, purified, created,
35 combined, or transformed by a manufacturer, ultimately

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

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

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

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

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

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

1 (8) "Supplies" means tangible personal property, other
2 than computers, computer peripherals, machinery, equipment, or
3 replacement parts, that meets one of the following conditions:

4 (a) The tangible personal property is to be connected to
5 a computer, computer peripheral, machinery, or equipment and
6 requires regular replacement because the property is consumed
7 or deteriorates during use, including but not limited to saw
8 blades, drill bits, filters, and other similar items with a
9 short useful life.

10 (b) The tangible personal property is used in conjunction
11 with a computer, computer peripheral, machinery, or equipment
12 and is specially designed for use in manufacturing specific
13 products and may be used interchangeably and intermittently on
14 a particular computer, computer peripheral, machine, or piece
15 of equipment, including but not limited to jigs, dies, tools,
16 and other similar items.

17 (c) The tangible personal property comes into physical
18 contact with other tangible personal property used in
19 processing and is used to assist with or maintain conditions
20 necessary for processing, including but not limited to cutting
21 fluids, oils, coolants, lubricants, and other similar items
22 with a short useful life.

23 (d) The tangible personal property is directly and
24 primarily used in an activity described in paragraph "a",
25 subparagraphs (1) through (6), including but not limited to
26 prototype materials and testing materials.

27 Sec. 100. RESCISSION OF ADMINISTRATIVE RULES.

28 1. The following Iowa administrative rules are rescinded as
29 of July 1, 2020:

30 a. 701 Iowa administrative code, rule 18.34, subrule 1,
31 paragraph "b", subparagraph (1).

32 b. 701 Iowa administrative code, rule 18.45, subrule 1,
33 definition of "computer".

34 c. 701 Iowa administrative code, rule 18.58, subrule 1,
35 definition of "computer".

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 d. 701 Iowa administrative code, rule 230.14, subrule 2,
2 paragraph "a".

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

DIVISION XI

SCHOOL TUITION ORGANIZATION TAX CREDIT — CORPORATIONS

9 Sec. 101. Section 422.33, subsection 28, Code 2020, is
10 amended to read as follows:

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

DIVISION XII

BROADBAND INFRASTRUCTURE TAXATION

20 Sec. 102. Section 422.7, Code 2020, is amended by adding the
21 following new subsection:

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

28 b. As used in this subsection, "broadband infrastructure",
29 "communications service provider", and "targeted service area"
30 mean the same as defined in section 8B.1, respectively.

31 Sec. 103. Section 422.35, Code 2020, is amended by adding
32 the following new subsection:

33 NEW SUBSECTION. 26. a. Subtract, to the extent included,
34 the amount of a federal, state, or local grant provided to
35 a communications service provider, if the grant is used to

1 install broadband infrastructure that facilitates broadband
2 service in targeted service areas at or above the download and
3 upload speeds.

4 b. As used in this subsection, "broadband infrastructure",
5 "communications service provider", and "targeted service area"
6 mean the same as defined in section 8B.1, respectively.

7 Sec. 104. REFUNDS. Refunds of taxes, interest, or penalties
8 that arise from claims resulting from the enactment of this
9 division of this Act, in the tax year beginning January
10 1, 2019, but before January 1, 2020, shall not be allowed
11 unless refund claims are filed prior to October 1, 2020,
12 notwithstanding any other provision of law to the contrary.

13 Sec. 105. EFFECTIVE DATE. This division of this Act, being
14 deemed of immediate importance, takes effect upon enactment.

15 Sec. 106. RETROACTIVE APPLICABILITY. This division of this
16 Act applies retroactively to January 1, 2019, and applies to
17 tax years beginning on or after that date.

DIVISION XIII

LOCAL ASSESSORS

20 Sec. 107. Section 441.6, subsection 2, Code 2020, is amended
21 to read as follows:

22 2. Upon receipt of the report of the examining board, the
23 chairperson of the conference board shall by written notice
24 call a meeting of the conference board to appoint an assessor.
25 The meeting shall be held not later than seven days after the
26 receipt of the report of the examining board by the conference
27 board. At the meeting, the conference board shall appoint an
28 assessor from the register of eligible candidates. However,
29 if a special examination has not been conducted previously for
30 the same vacancy, the conference board may request the director
31 of revenue to hold a special examination pursuant to section
32 441.7. The chairperson of the conference board shall give
33 written notice to the director of revenue of the appointment
34 and its effective date within ten days of the decision of the
35 board.

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 Sec. 108. Section 441.6, Code 2020, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 3. The appointee selected by the conference
4 board under subsection 2 shall not assume the office of city
5 or county assessor until such appointment is confirmed by
6 the director of revenue. If the director of revenue rejects
7 the appointment, the examining board shall conduct a new
8 examination and submit a new report to the conference board
9 under subsection 1. The director of revenue shall adopt rules
10 pursuant to chapter 17A to implement and administer this
11 subsection.

12 Sec. 109. Section 441.17, subsection 2, Code 2020, is
13 amended to read as follows:

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

24 Sec. 110. Section 441.41, Code 2020, is amended to read as
25 follows:

26 **441.41 Legal counsel.**

27 In the case of cities having an assessor, the city legal
28 department shall represent the assessor and board of review
29 in all litigation dealing with assessments. In the case of
30 counties, the county attorney shall represent the assessor and
31 board of review in all litigation dealing with assessments.
32 Any taxing district interested in the taxes received from such
33 assessments may be represented by an attorney and shall be
34 required to appear by attorney upon written request of the
35 assessor to the presiding officer of any such taxing district.

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 The Subject to review and prior approval by either the city
2 legal department in the case of a city or the county attorney
3 in the case of a county, the conference board may employ
4 special counsel to assist the city legal department or county
5 attorney as the case may be.

6 DIVISION XIV

7 PAYCHECK PROTECTION PROGRAM (PPP)

8 Sec. 111. IOWA NET INCOME EXCLUSION FOR FEDERAL PAYCHECK
9 PROTECTION PROGRAM LOAN FORGIVENESS FOR CERTAIN FISCAL-YEAR
10 FILERS IN TAX YEAR 2019. Notwithstanding any other provision
11 of law to the contrary, for any tax year beginning on or after
12 January 1, 2019, and ending after March 27, 2020, Pub. L. No.
13 116-136, §1106(i), applies in computing net income for state
14 tax purposes under section 422.7 or 422.35.

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

17 DIVISION XV

18 FOOD BANKS — SALES TAX EXEMPTION

19 Sec. 113. Section 423.3, Code 2020, is amended by adding the
20 following new subsection:

21 NEW SUBSECTION. 107. The sales price from the sale or
22 rental of tangible personal property or specified digital
23 products, or services furnished, to a nonprofit food bank,
24 which tangible personal property, specified digital products,
25 or services are to be used by the nonprofit food bank for a
26 charitable purpose. For purposes of this subsection, "*nonprofit*
27 *food bank*" means an organization organized under chapter 504
28 and qualifying under section 501(c)(3) of the Internal Revenue
29 Code as an organization exempt from federal income tax under
30 section 501(a) of the Internal Revenue Code that maintains
31 an established operation involving the provision of food or
32 edible commodities or the products thereof on a regular basis
33 to persons in need or to food pantries, soup kitchens, hunger
34 relief centers, or other food or feeding centers that, as an
35 integral part of their normal activities, provide meals or food

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 on a regular basis to persons in need.

2 DIVISION XVI

3 PRO RATA SHARE OF ENTITY-LEVEL INCOME TAX PAID BY SHAREHOLDERS
4 OR BENEFICIARIES

5 Sec. 114. Section 422.8, subsection 1, Code 2020, is amended
6 to read as follows:

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

21 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
derived in the other state or foreign country, the income tax
liability of the entity in that state or foreign country, and
the income tax paid by the entity to that state or foreign

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 country.

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

14 Sec. 115. EFFECTIVE DATE. This division of this Act, being
15 deemed of immediate importance, takes effect upon enactment.

16 Sec. 116. RETROACTIVE APPLICABILITY. This division of this
17 Act applies retroactively to January 1, 2020, for tax years
18 beginning on or after that date.

DIVISION XVII

IOWA SMALL BUSINESS RELIEF GRANT PROGRAM

21 Sec. 117. Section 422.7, Code 2020, is amended by adding the
22 following new subsection:

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

30 Sec. 118. Section 422.35, Code 2020, is amended by adding
31 the following new subsection:

32 NEW SUBSECTION. 26. Subtract, to the extent included,
33 the amount of any financial assistance grant provided to an
34 eligible small business by the economic development authority
35 under the Iowa small business relief grant program created

1 during calendar year 2020 to provide financial assistance to
2 eligible small businesses economically impacted by the COVID-19
3 pandemic.

4 Sec. 119. EFFECTIVE DATE. This division of this Act, being
5 deemed of immediate importance, takes effect upon enactment.

6 Sec. 120. RETROACTIVE APPLICABILITY. This division of this
7 Act applies retroactively to March 23, 2020, for tax years
8 ending on or after that date.

9 DIVISION XVIII

10 PORT AUTHORITIES

11 Sec. 121. Section 28J.1, subsections 1 and 3, Code 2020, are
12 amended to read as follows:

13 1. "*Authorized purposes*" means an activity that enhances,
14 fosters, aids, provides, or promotes transportation,
15 infrastructure, utility service, flood and erosion control,
16 economic development, housing, recreation, education,
17 governmental operations, culture, or research within the
18 jurisdiction of a port authority.

19 3. "*City*" means the same as defined in section 362.2, and
20 also includes a city enterprise as defined in section 384.24.

21 Sec. 122. Section 28J.1, subsection 6, paragraphs d, f, and
22 g, Code 2020, are amended to read as follows:

23 d. The cost of machinery, furnishings, equipment, financing
24 charges, interest prior to and during construction and for
25 no more than twelve months after completion of construction,
26 engineering, architectural services, technical services,
27 preliminary reports, property valuations, consequential
28 damages or costs, provisions for contingencies, supervision,
29 inspection, testing, and expenses of research and development
30 with respect to a facility.

31 f. The interest upon the revenue bonds, and pledge
32 orders, loan agreements, lease contracts, and certificates of
33 participation in or other participatory interests or evidences
34 of any obligation under a loan agreement or lease contract,
35 during the period or estimated period of construction and

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 for twelve months thereafter, or for twelve months after the
2 acquisition date, and upon reserve funds as the port authority
3 deems advisable in connection with a facility and the issuance
4 of port authority revenue bonds, and pledge orders, loan
5 agreements, lease contracts, and certificates of participation
6 in or other participatory interests or evidences of any
7 obligation under a loan agreement or lease contract.

8 g. The costs of issuance of port authority revenue bonds,
9 and pledge orders, loan agreements, lease contracts, and
10 certificates of participation in or other participatory
11 interests or evidences of any obligations under a loan
12 agreement or lease contract.

13 Sec. 123. Section 28J.1, subsections 7 and 8, Code 2020, are
14 amended to read as follows:

15 7. "*Facility*" or "*port authority facility*" means any
16 public works project, intermodal freight or transportation
17 facility, project for which tax-exempt financing is authorized
18 by the Internal Revenue Code, and real or personal property
19 or improvements owned, leased, constructed, or otherwise
20 controlled or financed by or for a port authority and that
21 is related to or in furtherance of one or more authorized
22 purposes.

23 8. "*Governmental agency*" means a department, division,
24 or other unit of state government of this state or any other
25 state, city, county, any political subdivision, township, or
26 other governmental subdivision, or any city utility, any other
27 public corporation, special purpose district, authority, or
28 agency created under the laws of this state, any other state,
29 the United States, or any department or agency thereof, or any
30 agency, commission, or authority established pursuant to an
31 interstate compact or agreement or combination thereof.

32 Sec. 124. Section 28J.1, Code 2020, is amended by adding the
33 following new subsection:

34 NEW SUBSECTION. 8A. "*Net revenues*" means revenues less
35 operating expenses.

1 Sec. 125. Section 28J.1, subsections 11, 12, and 14, Code
2 2020, are amended to read as follows:

3 11. "*Political subdivision*" means a ~~city, county,~~
4 ~~city-county consolidation, or multicity consolidation, or~~
5 ~~combination thereof municipality as defined in section 16.151.~~

6 12. "*Political subdivisions comprising the port authority*"
7 means the each political subdivisions subdivision which created
8 or participated in the creation of the port authority under
9 section 28J.2, or which joined an existing port authority under
10 section 28J.4.

11 14. "*Port authority revenue bonds*" or "revenue bonds" means
12 revenue bonds and revenue refunding bonds issued pursuant to
13 section 28J.21.

14 Sec. 126. Section 28J.1, Code 2020, is amended by adding the
15 following new subsection:

16 ~~NEW SUBSECTION.~~ 15A. "*Public works project*" means a
17 project of a type that a political subdivision is authorized
18 to undertake as otherwise provided by law, including
19 but not limited to public roads and other transportation
20 infrastructure, utility systems such as water treatment
21 facilities and sewage treatment facilities, or a project as
22 defined in section 384.80.

23 Sec. 127. Section 28J.1, subsection 16, Code 2020, is
24 amended to read as follows:

25 16. "*Revenues*" means rental rents, fees, income, rates,
26 tolls, receipts, and other charges or revenues received by a
27 port authority or derived from the operations of a facility
28 or for the use or services of a facility, a gift or grant
29 received with respect to a facility, moneys received with
30 respect to the lease, sublease, sale, including installment
31 sale or conditional sale, or other disposition of a facility,
32 moneys received in repayment of and for interest on any
33 loans made by the port authority to a person or governmental
34 agency, proceeds of port authority revenue bonds for payment
35 of principal, premium, or interest on the bonds authorized

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 by the port authority, proceeds or borrowings under port
2 authority loan agreements for payment of principal, premium,
3 or interest on the port authority obligations thereunder,
4 proceeds or borrowings under lease contracts for the payment of
5 lease payments thereunder, proceeds under any certificates of
6 participation in or other participatory interests or evidences
7 of any obligations under a loan agreement or lease contract,
8 proceeds from any insurance, condemnation, or guarantee
9 pertaining to the financing of the facility, and income and
10 profit from the investment of the proceeds of port authority
11 revenue bonds, proceeds, or borrowings under loan agreements,
12 lease contracts, or proceeds of certificates of participation
13 in or other participatory interests or evidences of any
14 obligation under any loan agreement or lease contract or of any
15 revenues.

16 Sec. 128. Section 28J.2, subsection 1, Code 2020, is amended
17 to read as follows:

18 1. Two One or more political subdivisions may by resolution
19 create a port authority under this chapter by resolution
20 anywhere in this state, regardless of proximity to a body of
21 water. If a proposal to create a port authority receives a
22 favorable majority of the members of the elected legislative
23 body of each of the political subdivisions, the port authority
24 is created at the time provided in the resolution. The
25 jurisdiction of a port authority includes the territory
26 described in **section 28J.8.**

27 Sec. 129. Section 28J.2, Code 2020, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 5. A port authority is an entity separate
30 from the political subdivisions comprising the port authority.
31 The powers granted to the port authority pursuant to this
32 chapter are in addition to other powers, and constitute
33 independent powers that may be exercised by the port authority
34 whether or not the political subdivisions comprising the
35 port authority have or may exercise any of those powers

1 individually.

2 Sec. 130. Section 28J.3, subsection 1, Code 2020, is amended
3 to read as follows:

4 1. The political subdivisions comprising a port authority
5 may appropriate and expend public funds and make contributions
6 to the port authority to finance or subsidize the operation and
7 authorized purposes of the port authority and pay the costs
8 and expenses incurred by the port authority in carrying out
9 any operations or authorized purposes of the port authority.
10 Political subdivisions comprising the port authority may
11 enter into agreements with each other or the port authority
12 providing for the contributions to the port authority to be
13 made by each of the political subdivisions and providing for
14 the obligations of each of the political subdivisions to pay,
15 finance, or subsidize the costs and expenses incurred by the
16 port authority. Political subdivisions comprising the port
17 authority may, by resolution, authorize and appropriate funds
18 for any contribution, payment, or financing required to be
19 made under such agreement by the use of any method available
20 to government agencies for providing funds or financing under
21 section 28J.16. A port authority shall control tax revenues
22 allocated to the facilities the port authority administers and
23 all revenues derived from the operation of the port authority,
24 the sale of its property, interest on investments, or from any
25 other source related to the port authority.

26 Sec. 131. Section 28J.5, subsections 1, 2, and 5, Code 2020,
27 are amended to read as follows:

28 1. A port authority created pursuant to **section 28J.2** shall
29 be governed by a board of directors. Members of a board of
30 directors of a port authority created by two or more political
31 subdivisions shall be divided among the political subdivisions
32 comprising the port authority in such proportions as the
33 political subdivisions may agree and shall be appointed by the
34 respective political subdivision's elected legislative body.
35 Members of a board of directors of a port authority created by

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 one political subdivision shall be appointed by the political
2 subdivision's governing body.

3 2. The number of directors comprising the board of a port
4 authority created by two or more political subdivisions shall
5 be determined by agreement between the political subdivisions
6 comprising the port authority, and which. The number of
7 directors comprising the board of directors of a port authority
8 created by one political subdivision shall consist of the
9 number of directors the political subdivision considers
10 necessary. The number may be changed by resolution of each
11 of the political subdivisions comprising the port authority
12 and in accordance with any agreement between the political
13 subdivisions comprising the port authority.

14 5. The board may provide procedures for the removal of a
15 director who fails to attend three consecutive regular meetings
16 of the board. If a director is so removed, a successor shall
17 be appointed for the remaining term of the removed director in
18 the same manner provided for the original appointment. The
19 appointing body Any political subdivisions comprising the port
20 authority may at any time remove a director appointed by it for
21 misfeasance, nonfeasance, or malfeasance in office and appoint
22 a successor for the remaining term of the removed director in
23 the same manner as provided for by the original appointment.

24 Sec. 132. Section 28J.8, subsection 1, Code 2020, is amended
25 to read as follows:

26 1. The area of jurisdiction of a port authority shall
27 include all of the territory of the port authority facility and
28 of the political subdivisions comprising the port authority
29 and, if the port authority owns or leases a railroad line or
30 airport, the territory on which the railroad's line, terminals,
31 and related facilities or the airport's runways, terminals,
32 and related facilities are located, regardless of whether the
33 territory is located in the political subdivisions comprising
34 the port authority.

35 Sec. 133. Section 28J.9, subsections 4, 8, and 10, Code

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 2020, are amended to read as follows:

2 4. Acquire, construct, furnish, equip, maintain, repair,
3 sell, exchange, lease, lease with an option to purchase,
4 convey interests in real or personal property, and operate any
5 property of the port authority within or outside the territory
of the political subdivisions comprising the port authority in
furtherance of any authorized purpose, including in connection
8 with transportation, recreational, governmental operations, or
9 cultural activities ~~in furtherance of an authorized purpose.~~

10 8. Issue port authority revenue bonds beyond the limit
11 of bonded indebtedness provided by law, payable solely from
12 revenues as provided in **section 28J.21**, and enter into loan
agreements and lease contracts as provided in section 28J.21A,
14 for the purpose of providing funds to pay the costs of any
15 facility or facilities of the port authority or parts thereof.

16 10. Enjoy and possess the same legislative and executive
17 rights, privileges, and powers granted cities under **chapter**
chapters 28F, 364, and 384, and counties under **chapter 331**,
19 including the exercise of police power but excluding the power
20 to levy taxes.

21 Sec. 134. Section 28J.11, subsection 2, Code 2020, is
22 amended to read as follows:

23 2. Impair the powers of a political subdivision to develop
24 or improve a port ~~and terminal~~ authority facility except as
25 restricted by **section 28J.15**.

26 Sec. 135. Section 28J.13, Code 2020, is amended to read as
27 follows:

28 **28J.13 Annual budget — use of rents and charges.**

29 The board shall annually prepare a budget for the port
30 authority. Revenues received by the port authority shall be
31 used for the general expenses of the port authority and to
32 pay interest, amortization, and retirement charges on, and
33 principal of, money borrowed and to make payments under lease
34 contracts. Except as provided in **section 28J.26**, if there
35 remains, at the end of any fiscal year, a surplus of such funds

1 after providing for the above uses, the board shall pay such
2 surplus into the general funds of the political subdivisions
3 comprising the port authority as agreed to by the subdivisions.

4 Sec. 136. Section 28J.15, Code 2020, is amended to read as
5 follows:

6 **28J.15 Limitation on certain powers of political
7 subdivisions.**

8 A political subdivision creating or participating in the
9 creation of a port authority in accordance with **section 28J.2**,
10 shall not, during the time the port authority is in existence,
11 exercise the rights and powers provided in **chapters 28A, 28K,**
12 and **384** relating to the political subdivision's authority over
13 a port, wharf, dock, harbor, or other facility substantially
14 similar to that political subdivision's authority under a port
15 authority granted under **this chapter, except as provided in**
16 **section 28J.2.**

17 Sec. 137. Section 28J.16, subsection 1, paragraphs a and c,
18 Code 2020, are amended to read as follows:

19 a. A port authority may charge, alter, and collect rental
20 rents, fees, or other charges or revenues for the use or
21 services of any port authority facility and contract for the
22 use or services of a facility, and fix the terms, conditions,
23 rental rents, fees, or other charges for the use or services.

24 c. The rental rents, fees, or other charges, and other
25 revenues of a port authority shall not be subject to
26 supervision or regulation by any other authority, commission,
27 board, bureau, or governmental agency of the state and the
28 contract may provide for acquisition of all or any part of
29 the port authority facility for such consideration payable
30 over the period of the contract or otherwise as the port
31 authority determines to be appropriate, but subject to the
32 provisions of any resolution authorizing the issuance of port
33 authority revenue bonds, loan agreements, lease contracts,
34 or certificates of participation in or other participatory
35 interests or evidences of any obligations under a loan

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 agreement or lease contract, or of any trust agreement securing
2 the bonds, loan agreements, lease contracts, or certificates of
3 participation in or other participatory interests or evidences
4 of any obligation under a loan agreement or lease contract.

5 Sec. 138. Section 28J.16, subsection 2, paragraph a, Code
6 2020, is amended to read as follows:

7 a. A governmental agency may cooperate with the port
8 authority in the acquisition, operation, or construction of a
9 port authority facility and shall enter into such agreements
10 with the port authority as may be appropriate, which shall
11 provide for contributions by the parties in a proportion as may
12 be agreed upon and other terms as may be mutually satisfactory
13 to the parties including the authorization of the construction
14 of the facility by one of the parties acting as agent for all
15 of the parties and the ownership, operation, and control of
16 the facility by the port authority to the extent necessary or
17 appropriate.

18 Sec. 139. Section 28J.17, subsection 1, paragraph a, Code
19 2020, is amended to read as follows:

20 a. A port authority may enter into a contract or other
21 arrangement with a person, railroad, utility company,
22 corporation, governmental agency including sewerage, drainage,
23 conservation, conservancy, or other improvement districts in
24 this or other states, or the governments or agencies of foreign
25 countries as may be necessary or convenient for the exercise
26 of the powers granted by **this chapter**. The port authority
27 may purchase, lease, or acquire land or other property in
28 any county of this state and in adjoining states for the
29 accomplishment of authorized purposes of the port authority, or
30 for the improvement of ~~the harbor and~~ port authority facilities
31 over which the port authority may have jurisdiction including
32 development of port authority facilities in adjoining states.
33 The authority granted in **this section** to enter into contracts
34 or other arrangements with the federal government includes the
35 power to enter into any contracts, arrangements, or agreements

1 that may be necessary to hold and save harmless the United
2 States from damages due to the construction and maintenance by
3 the United States of work the United States undertakes.

4 Sec. 140. Section 28J.19, Code 2020, is amended to read as
5 follows:

6 **28J.19 Property tax exemption.**

7 A port authority shall be exempt from and shall not be
8 required to pay taxes on real property that is purchased by a
port authority or real property belonging to a port authority
10 that is used exclusively for an authorized purpose, as provided
11 in **section 427.1, subsection 34.**

12 **Sec. 141. NEW SECTION. 28J.21A Loan agreements — lease**
13 **contracts — trust agreements.**

14 1. *Definitions.* As used in this section, unless the context
15 otherwise requires:

16 a. "*Lease contract*" includes any certificates of
17 participation or other participatory interests in the lease
18 contract or obligations arising out of the lease contract.

19 b. "*Loan agreement*" includes any notes, certificates, or any
20 other participatory interests issued to evidence the parties'
21 obligations arising out of the loan agreement.

22 2. *Loan agreements.* A port authority may enter into loan
23 agreements to borrow money to pay the costs of any facility, or
24 parts thereof, or to refund other obligations which are payable
25 from the net revenues of the port authority at lower, the same,
26 or higher rates of interest in accordance with the all of the
27 following terms and procedures:

28 a. A loan agreement entered into by a port authority may
29 contain provisions similar to those in loan agreements between
30 private parties, including but not limited to any of the
31 following:

32 (1) The loan agreement may provide for the issuance
33 of notes, certificates of participation, or any other
34 participatory interests to evidence the parties' obligations.

35 (2) The loan agreement may provide for maturity in one or

1 more installments.

2 (3) The loan agreement may be in registered form and carry
3 registration and conversion privileges.

4 (4) The loan agreement may be payable as to principal and
5 interest at times and places as specified.

6 (5) The loan agreement may be subject to terms of redemption
7 prior to maturity with or without a premium.

8 (6) The loan agreement may be in one or more denominations.

9 b. A provision of a loan agreement which stipulates that
10 a portion of the payments be applied as interest is subject
11 to chapter 74A and such interest may be at a variable rate or
12 rates changing from time to time in accordance with a base or
13 formula. Other laws relating to interest rates do not apply
14 and the provisions of chapter 75 are not applicable.

15 c. The board may authorize a loan agreement to be
16 payable solely from the net revenues of a port authority by
17 substantially following the authorization procedures of section
18 28J.21 for the issuance of revenue bonds. The resolution
19 authorizing the loan agreement may also prescribe additional
20 provisions, terms, conditions, and covenants that the port
21 authority deems advisable, consistent with this chapter,
22 including provisions for creating and maintaining reserve
23 funds and for the authorization of additional loan agreements
24 ranking on a parity with such loan agreements and additional
25 loan agreements junior and subordinate to such loan agreement,
26 and that such loan agreement shall rank on a parity with or
27 be junior and subordinate to any loan agreement which may be
28 then outstanding. A port authority loan agreement shall be
29 a contract between the port authority and the lender and the
30 resolution shall be made part of the contract.

31 d. A loan agreement to which a port authority is a party
32 is an obligation of the political subdivisions comprising the
33 port authority for the purposes of chapters 502 and 636, and
34 is a lawful investment for any bank, trust company, savings
35 association, deposit guaranty association, investment company,

1 insurance company, insurance association, executor, guardian or
2 trustee, and any fiduciary responsible for the investment of
3 funds or having charge of the loan retirement funds or sinking
4 funds of any port authority, governmental agency, or taxing
5 district of this state, any pension and annuity retirement
6 system, the Iowa public employees' retirement system, the
7 police officers and fire fighters retirement systems under
8 chapters 410 and 411, or a revolving fund of a governmental
9 agency of this state, and are acceptable as security for the
10 deposit of public funds under chapter 12C.

11 3. *Lease contracts.* A port authority may enter into lease
12 contracts for real or personal property comprising a port
13 authority facility, or parts thereof, in accordance with all of
14 the following terms and procedures:

15 a. A port authority shall lease property only for a term
16 which does not exceed the economic life of the property, as
17 determined by the board.

18 b. A lease contract entered into by a port authority may
19 contain provisions similar to those found in lease contracts
20 between private parties, including but not limited to any of
21 the following:

22 (1) The lease contract may provide for the issuance of
23 certificates of participation or other participatory interests
24 in the lease contracts or any obligations thereunder.

25 (2) The lease contract may provide for the lessee to pay any
26 of the costs of operation or ownership of the leased property
27 and for the right to purchase the leased property.

28 c. A provision of a lease contract which stipulates that a
29 portion of the rent or lease payments be applied as interest
30 is subject to the provisions of chapter 74A and such interest
31 may be at a variable rate or rates changing from time to time
32 in accordance with a base or formula. Other laws relating to
33 interest rates shall not apply and the provisions of chapter
34 75 are not applicable.

35 d. The board may authorize a lease contract payable solely

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 from the net revenues of a port authority by substantially
2 following the authorization procedures set forth in section
3 28J.21 for the issuance of port authority revenue bonds. The
4 resolution authorizing the lease contract may also prescribe
5 additional provisions, terms, conditions, and covenants which
6 the port authority deems advisable, consistent with this
7 chapter, including provisions for creating and maintaining
8 reserve funds and the authorization of additional lease
9 contracts ranking on a parity with such lease contracts and
10 additional lease contracts junior and subordinate to such lease
11 contracts, and that such lease contracts shall rank on a parity
12 with or be junior and subordinate to any lease contract which
13 may be then outstanding. A port authority lease contract shall
14 be a contract between the port authority and the lessor and the
15 resolution shall be part of the contract.

16 e. A lease contract to which a port authority is a party
17 is an obligation of the political subdivisions comprising the
18 port authority for the purposes of chapters 502 and 636, and
19 is a lawful investment for any bank, trust company, savings
20 association, deposit guaranty association, investment company,
21 insurance company, insurance association, executor, guardian or
22 trustee, and any fiduciary responsible for the investment of
23 funds or having charge of the lease retirement funds or sinking
24 funds of any port authority, governmental agency or taxing
25 district of this state, any pension and annuity retirement
26 system, the Iowa public employees' retirement system, the
27 police officers and fire fighters retirement systems under
28 chapters 410 and 411, or a revolving fund of a governmental
29 agency of this state, and are acceptable as security for the
30 deposit of public funds under chapter 12C.

31 f. A contract for construction by a private party of
32 property to be leased by a port authority is not a contract for
33 a public improvement and shall not be subject to the provisions
34 of chapter 26 and section 28J.3, subsection 3. This paragraph
35 applies to all contracts that are subject to this subsection,

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 notwithstanding section 28J.9, subsection 18, or any other
2 provision of law that might otherwise apply, including a
3 requirement of notice, competitive bidding or selection, or
4 for the provision of security. However, if a contract is
5 funded in advance by means of the lessor depositing moneys to
6 be administered by a port authority with the port authority's
7 obligation to make rent or lease payments commencing with
8 its receipt of moneys, a contract for construction of the
9 property in question awarded by the port authority is a public
10 improvement and is subject to the provisions of chapter 26.

11 4. *Trust agreements.*

12 a. In the discretion of the port authority, a loan agreement
13 or a lease contract authorized under this section and the port
14 authority's obligations thereunder may be secured by a trust
15 agreement between the port authority and a corporate trustee
16 that may be any trust company or bank having the powers of a
17 trust company within this or any other state. Subject to the
18 other provisions of this paragraph, the corporate trustee may
19 also be the lender under a loan agreement or the lessor under a
20 lease contract authorized under this section.

21 b. The trust agreement may provide for the issuance of
22 notes to evidence the port authority's obligations under a loan
23 agreement to which the port authority is a party. The trust
24 agreement may also provide for the issuance of certificates
25 of participation or other participatory interests in a lease
26 contract to which a port authority is a party. The trust
27 agreement, or any resolution authorizing the loan agreement or
28 the lease contract, may pledge or assign revenues of the port
29 authority to be received as payment of obligations under the
30 loan agreement or the lease contract and may contain provisions
31 for protecting and enforcing the rights and remedies of the
32 lender, the lessor, or the holders of notes evidencing the
33 port authority's obligations under the loan agreement. These
34 provisions may include covenants setting forth the duties of
35 the port authority in relation to the acquisition of property,

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 the construction, improvement, maintenance, repair, operation,
2 and insurance of the port authority facility in connection
3 with which the loan agreement or the lease contract is
4 authorized, the rentals or other charges to be imposed for the
5 use or services of any port authority facility, the custody,
6 safeguarding, and application of all moneys, and provisions for
7 the employment of consulting engineers in connection with the
8 construction or operation of any port authority facility.

9 c. A bank or trust company incorporated under the laws
10 of this state that acts as the depository of the proceeds or
11 borrowings provided under the loan agreement or lease contract
12 or of revenues, shall furnish any indemnifying bonds and may
13 pledge any securities that are required by the port authority.
14 The trust agreement may set forth the rights and remedies of
15 the lender, the lessor, or the holders of notes evidencing the
16 port authority's obligations under the loan agreement and may
17 restrict the individual right of action by the lender, the
18 lessor, or the holders of notes evidencing the port authority's
19 obligations under the loan agreement as is customary in trust
20 agreements or trust indentures securing similar loan agreements
21 or lease contracts. The trust agreement may contain any other
22 provisions that the port authority determines reasonable and
23 proper for the security of the lender, the lessor, or the
24 holders of notes evidencing the port authority's obligations
25 under the loan agreement. All expenses incurred in carrying
26 out the provisions of the trust agreement may be treated as
27 a part of the cost of the operation of the port authority
28 facility.

29 5. *Exclusions.* Port authority loan agreements and lease
30 contracts authorized under this chapter shall not constitute
31 a debt, indebtedness, or a pledge of the faith and credit of
32 the port authority or the state or any political subdivision
33 of the state, within the meaning of any state constitutional
34 provision or statutory limitation, nor constitute or give rise
35 to a pecuniary liability of the port authority, any political

1 subdivisions comprising the port authority, the state, or
2 any political subdivision of the state, or a charge against
3 the general credit or taxing power of the port authority.
4 Any political subdivisions comprising the port authority,
5 the state, or any political subdivision of the state, and
6 the holders or owners of the obligations owed under a loan
7 agreement or lease contract shall not have taxes levied by the
8 state or by a taxing authority of a governmental agency of the
9 state for the payment of the principal of or interest owed on
10 such obligations. However, a loan agreement or lease contract
11 and the obligation owed thereunder are payable solely from the
12 revenues and funds pledged for their payment as authorized
13 by this chapter. All loan agreements and lease contracts
14 authorized under this chapter and the evidence of obligations
15 owed under such loan agreements or lease contracts such shall
16 contain a statement to the effect that the loan agreement or
17 lease contract authorized under this chapter and the evidence
18 of obligations owed under the loan agreement or lease contract,
19 as to both principal and interest, are not debts of the port
20 authority or the state or any political subdivision of the
21 state, but are payable solely from revenues and funds pledged
22 for their payment.

23 *6. Judicial proceedings.*

24 *a.* The sole remedy for a breach or default of a term of
25 any port authority loan agreement or lease contract authorized
26 under this chapter is a proceeding in law or in equity by
27 suit, action, or mandamus to enforce and compel performance of
28 the duties required by this chapter and of the terms of the
29 resolution authorizing the loan agreement or lease contract,
30 or to obtain the appointment of a receiver to take possession
31 of and operate the port authority and to perform the duties
32 required by this chapter and the terms of the resolution
33 authorizing the loan agreement or lease contract.

34 *b.* An action shall not be brought after fifteen days from
35 the time the loan agreement or lease contract is authorized by

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 the port authority with regards to any of the following:
2 (1) The legality of the port authority loan agreement or
3 lease contract.

4 (2) The power of a port authority to authorize the port
5 authority loan agreement or lease contract.

6 (3) The effectiveness of any proceedings relating to the
7 authorization of the port authority loan agreement or lease
8 contract.

9 Sec. 142. Section 28J.25, Code 2020, is amended to read as
10 follows:

11 **28J.25 Funds and property held in trust — use and deposit of**
12 **funds.**

13 All revenues, funds, properties, and assets acquired by the
14 port authority under **this chapter**, whether as proceeds from the
15 sale of port authority revenue bonds, pledge orders, borrowings
16 under a loan agreement, entering into a lease contract,
17 proceeds from the issuance of certificates of participation
18 or any other participatory interests in such loan agreement
19 or lease contract or as revenues, shall be held in trust for
20 the purposes of carrying out the port authority's powers and
21 duties, shall be used and reused as provided in **this chapter**,
22 and shall at no time be part of other public funds. Such funds,
23 except as otherwise provided in a resolution authorizing port
24 authority revenue bonds or pledge orders, the loan agreement or
25 lease contract, or in a trust agreement securing the same, or
26 except when invested pursuant to section 28J.26, shall be kept
27 in depositories selected by the port authority in the manner
28 provided in chapter 12C, and the deposits shall be secured
29 as provided in that chapter. The resolution authorizing the
30 issuance of revenue bonds or pledge orders, the loan agreement
31 or lease contract, or the trust agreement securing such bonds
32 or pledge orders, shall provide that any officer to whom, or
33 any bank or trust company to which, such moneys are paid shall
34 act as trustee of such moneys and hold and apply them for the
35 purposes hereof, subject to such conditions as this chapter and

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 such resolution or trust agreement provide.

2 Sec. 143. Section 28J.26, subsection 1, Code 2020, is
3 amended to read as follows:

4 1. If a port authority has surplus funds after making all
5 deposits into all funds required by the terms, covenants,
6 conditions, and provisions of outstanding revenue bonds, pledge
7 orders, loan agreements, or lease contracts and refunding bonds
8 which are payable from the revenues of the port authority
9 and after complying with all of the requirements, terms,
10 covenants, conditions, and provisions of the proceedings and
11 resolutions pursuant to which revenue bonds, pledge orders,
12 and refunding bonds are issued or the loan agreement or lease
13 contract is authorized, the board may transfer the surplus
14 funds to any other fund of the port authority in accordance
15 with this chapter and chapter 12C, provided that a transfer
16 shall not be made if it conflicts with any of the requirements,
17 terms, covenants, conditions, or provisions of a resolution
18 authorizing the issuance of revenue bonds, pledge orders,
19 or other obligations which are or loan agreements or lease
20 contracts payable from the revenues of the port authority which
21 are then outstanding.

22 Sec. 144. Section 427.1, subsection 34, Code 2020, is
23 amended to read as follows:

24 34. *Port authority property.* The property of a port
25 authority created pursuant to section 28J.2, when devoted to
26 public use and not held for pecuniary profit, or property
27 purchased by a port authority.

28 DIVISION XIX

29 FOOD OPERATION TRESPASS

30 Sec. 145. Section 716.7A, subsection 1, paragraph d, as
31 enacted by 2020 Iowa Acts, Senate File 2413, section 17, is
32 amended to read as follows:

33 d. (1) "Food operation" means any of the following:
34 (1) (a) A location where a food animal is produced,
35 maintained, or otherwise housed or kept, or processed in any

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)

1 manner.

2 {2} (b) A location other than as described in subparagraph
3 {1} division (a) where a food animal is kept, including an
4 apiary, livestock market, vehicle or trailer attached to a
5 vehicle, fair, exhibition, or a business operated by a person
6 licensed to practice veterinary medicine pursuant to chapter
7 169.

8 {3} (c) A location where a meat food product, poultry
9 product, milk or milk product, eggs or an egg product, aquatic
10 product, or honey is prepared for human consumption, including
11 a food processing plant, a slaughtering establishment operating
12 under the provisions of 21 U.S.C. §451 et seq. or 21 U.S.C.
13 §601 et seq.; or a slaughtering establishment subject to state
14 inspection as provided in chapter 189A.

15 {4} (2) A "Food operation" does not include a food
16 ~~establishment or farmers market that sells or offers for sale a~~
17 ~~meat food product, poultry product, milk or milk product, eggs~~
18 ~~or an egg product, aquatic product, or honey.~~

19 Sec. 146. EFFECTIVE DATE. This division of this Act, being
20 deemed of immediate importance, takes effect upon enactment.

21 Sec. 147. RETROACTIVE APPLICABILITY. This division of this
22 Act applies retroactively to June 10, 2020.>

23 2. Title page, by striking lines 1 through 4 and inserting:
24 <An Act relating to state taxation and related laws of the
25 state, including the administration by the department of
26 revenue of certain tax credits and refunds, income taxes,
27 moneys and credits taxes, sales and use taxes, partnership
28 and pass-through entity audits, and by modifying provisions
29 relating to the reinstatement of business entities, the
30 assessment and valuation of property, the Iowa reinvestment
31 Act, port authorities, and animals and food, and providing
32 penalties, and including effective date and retroactive
33 applicability provisions.>

JAKE CHAPMAN

SF2419.4466 (1) 88

(amending this SF 2419 to CONFORM to HF 2641)