

Senate File 2367

H-8371

1 Amend Senate File 2367, as passed by the Senate, as follows:

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

4 <DIVISION I

5 SALES, USE, AND EXCISE TAX — RETURNS DUE

6 Section 1. Section 9C.3, subsection 3, Code 2022, is amended  
7 to read as follows:

8 3. The application shall state whether or not the applicant  
9 has an Iowa retailers sales or use tax permit and if the  
10 applicant has such permit, shall state the number of such  
11 permit.

12 Sec. 2. Section 9C.5, Code 2022, is amended to read as  
13 follows:

14 **9C.5 Issuance of license.**

15 Upon receiving an application for a transient merchant's  
16 license, the secretary of state shall investigate or cause to  
17 be investigated, the reputation and character of the applicant.  
18 If, upon making such investigation, the secretary of state is  
19 satisfied that the statements and representations contained in  
20 the application are true, and that the applicant is of good  
21 reputation and character, and the holder of an Iowa ~~retailer's~~  
22 sales or use tax permit, and if a foreign corporation, has  
23 authority to do business in the state of Iowa, the secretary  
24 shall issue to the applicant a license as a transient merchant  
25 upon payment of the fee as herein prescribed for the period of  
26 time requested in said application and for use at the location  
27 and place where it is stated in said application the sale will  
28 be held or the business conducted, both of which shall be set  
29 out in said license. Such license shall be valid only for the  
30 period of time and at the location and place described therein.

31 Sec. 3. Section 99G.30A, subsection 2, paragraph c, Code  
32 2022, is amended to read as follows:

33 c. Frequency of deposits and ~~quarterly~~ monthly reports of  
34 the monitor vending machine excise tax with the department of  
35 revenue are governed by the tax provisions in [section 423.31](#).

1 Monitor vending machine excise tax collections shall not be  
2 included in computation of the total tax to determine frequency  
3 of filing under [section 423.31](#).

4 Sec. 4. Section 321.105A, subsection 4, paragraph b, Code  
5 2022, is amended to read as follows:

6 *b.* [Section 422.25, subsection 4, sections 422.30, 422.67,](#)  
7 [and 422.68, section 422.69, subsection 1, sections 422.70,](#)  
8 [422.71, 422.72, 422.74, and 422.75, section 423.14, subsection](#)  
9 [2, and sections 423.23, 423.24, 423.25, ~~423.32~~, 423.33, 423.35,](#)  
10 [423.37 through 423.42, 423.45, and 423.47,](#) consistent with the  
11 provisions of [this section](#), apply with respect to the fees  
12 for new registration authorized under [this section](#) in the  
13 same manner and with the same effect as if the fees for new  
14 registration were retail use taxes within the meaning of those  
15 statutes.

16 Sec. 5. Section 421.26, Code 2022, is amended to read as  
17 follows:

18 **421.26 Personal liability for tax due.**

19 If a licensee or other person under [section 452A.65](#), a  
20 retailer or purchaser under [chapter 423A, 423B, 423C, 423D,](#)  
21 [or 423E, or section 423.14, 423.14A, 423.29, 423.31, ~~423.32~~,](#)  
22 [or 423.33,](#) or a user under [section 423.34](#), or a permit holder  
23 or licensee under [section 453A.13, 453A.16, or 453A.44](#) fails  
24 to pay a tax under those sections when due, an officer of a  
25 corporation or association, notwithstanding [section 489.304](#),  
26 a member or manager of a limited liability company, or a  
27 partner of a partnership, having control or supervision of  
28 or the authority for remitting the tax payments and having  
29 a substantial legal or equitable interest in the ownership  
30 of the corporation, association, limited liability company,  
31 or partnership, who has intentionally failed to pay the tax  
32 is personally liable for the payment of the tax, interest,  
33 and penalty due and unpaid. However, [this section](#) shall  
34 not apply to taxes on accounts receivable. The dissolution  
35 of a corporation, association, limited liability company,

1 or partnership shall not discharge a person's liability for  
2 failure to remit the tax due.

3 Sec. 6. Section 423.2, subsection 1, paragraph b, Code 2022,  
4 is amended to read as follows:

5 b. Sales of building materials, supplies, and equipment  
6 to owners, contractors, subcontractors, or builders for the  
7 erection of buildings or the alteration, repair, or improvement  
8 of real property are retail sales of tangible personal property  
9 in whatever quantity sold. Where the owner, contractor,  
10 subcontractor, or builder is also a retailer holding a ~~retail~~  
11 sales or use tax permit and transacting retail sales of  
12 building materials, supplies, and equipment, the person shall  
13 purchase such items of tangible personal property without  
14 liability for the tax if such property will be subject to the  
15 tax at the time of resale or at the time it is withdrawn from  
16 inventory for construction purposes. The sales tax shall be  
17 due in the reporting period when the materials, supplies,  
18 and equipment are withdrawn from inventory for construction  
19 purposes or when sold at retail. The tax shall not be due when  
20 materials are withdrawn from inventory for use in construction  
21 outside of Iowa and the tax shall not apply to tangible  
22 personal property purchased and consumed by the manufacturer as  
23 building materials in the performance by the manufacturer or  
24 its subcontractor of construction outside of Iowa. The sale  
25 of carpeting is not a sale of building materials. The sale of  
26 carpeting to owners, contractors, subcontractors, or builders  
27 shall be treated as the sale of ordinary tangible personal  
28 property and subject to the tax imposed under [this subsection](#)  
29 and the use tax.

30 Sec. 7. Section 423.3, subsection 39, paragraph a,  
31 subparagraph (2), Code 2022, is amended to read as follows:

32 (2) The sale of all or substantially all of the tangible  
33 personal property, or specified digital products, or services  
34 held or used by a seller in the course of the seller's trade  
35 or business for which the seller is required to hold a sales

1 or use tax permit when the seller sells or otherwise transfers  
2 the trade or business to another person who shall engage in a  
3 similar trade or business.

4 Sec. 8. Section 423.3, subsection 80, paragraph d, Code  
5 2022, is amended to read as follows:

6 *d.* Subject to the limitations in paragraph “c”, where the  
7 owner, contractor, subcontractor, or builder is also a retailer  
8 holding a retail sales or use tax permit and transacting  
9 retail sales of building materials, supplies, and equipment,  
10 the tax shall not be due when materials are withdrawn from  
11 inventory for use in construction performed for a designated  
12 exempt entity if an exemption certificate is received from such  
13 entity.

14 Sec. 9. Section 423.3, subsection 104, paragraph b,  
15 subparagraph (1), Code 2022, is amended to read as follows:

16 (1) “*Commercial enterprise*” means the same as defined in  
17 section 423.3, subsection 47, paragraph “d”, subparagraph (1),  
18 but also includes professions and occupations, and includes  
19 public utilities as defined in section 476.1, subsection 3.

20 Sec. 10. Section 423.5, subsection 2, Code 2022, is amended  
21 to read as follows:

22 2. The excise tax is imposed upon every person using  
23 the property within this state until the tax has been paid  
24 directly to the county treasurer, the state department of  
25 transportation, a retailer, or the department. This tax is  
26 imposed on every person using the services or the product of  
27 the services in this state until the user has paid the tax  
28 either to an Iowa sales or use tax permit holder or to the  
29 department.

30 Sec. 11. Section 423.14, subsection 2, paragraph b, Code  
31 2022, is amended to read as follows:

32 *b.* The tax upon the use of all tangible personal property  
33 and specified digital products other than that enumerated in  
34 paragraph “a”, which is sold by a seller who is a retailer or  
35 its agent that is not otherwise required to collect sales tax

1 under the provisions of [this chapter](#), may be collected by the  
2 retailer or agent and remitted to the department, pursuant to  
3 the provisions of paragraph "e", and [sections 423.24, 423.29,](#)  
4 [423.30, ~~423.32~~ 423.31,](#) and [423.33](#).

5 Sec. 12. Section 423.14A, subsection 3, paragraph c,  
6 subparagraph (2), Code 2022, is amended to read as follows:

7 (2) A marketplace facilitator shall collect sales and  
8 use tax on the entire sales price or purchase price paid by  
9 a purchaser on each Iowa sale subject to sales and use tax  
10 that is made or facilitated by the marketplace facilitator,  
11 regardless of whether the marketplace seller for whom an Iowa  
12 sale is made or facilitated has or is required to have a ~~retail~~  
13 sales or use tax permit or would have been required to collect  
14 sales and use tax had the sale not been facilitated by the  
15 marketplace facilitator, and regardless of the amount of the  
16 sales price or purchase price that will ultimately accrue  
17 to or benefit the marketplace facilitator, the marketplace  
18 seller, or any other person. This sales and use tax collection  
19 responsibility of a marketplace facilitator applies but shall  
20 not be limited to sales facilitated through a computer software  
21 application, commonly referred to as in-app purchases, or  
22 through another specified digital product.

23 Sec. 13. Section 423.31, subsections 1, 3, 5, and 6, Code  
24 2022, are amended to read as follows:

25 1. a. ~~Each~~ Except as provided in paragraph "b", each person  
26 subject to [this section](#) and [section 423.36](#) and in accordance  
27 with the provisions of [this section](#) and [section 423.36](#) shall,  
28 on or before the last day of the month following the close of  
29 each calendar ~~quarter~~ month during which such person is or  
30 has become or ceased being subject to the provisions of this  
31 section and [section 423.36](#), make, sign, and file electronically  
32 a return for the calendar ~~quarter~~ month in the form as may be  
33 required. Returns shall show information relating to sales  
34 prices including tangible personal property, specified digital  
35 products, and services converted to the use of such person,

1 the amounts of sales prices excluded and exempt from the tax,  
2 the amounts of sales prices subject to tax, a calculation of  
3 tax due, and any other information for the period covered by  
4 the return as may be required. Returns shall be signed by  
5 the retailer or the retailer's authorized agent and must be  
6 certified by the retailer to be correct in accordance with  
7 forms and rules prescribed by the director. A person required  
8 to file a sales or use tax return who is unable to do so may  
9 request permission from the director to file a return by  
10 another method.

11 b. Notwithstanding paragraph "a", each person subject to  
12 this section who collects and remits less than one thousand  
13 two hundred dollars in sales or use tax to the department per  
14 calendar year may file a return on or before the last day of the  
15 month following the close of the calendar year.

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

29 5. a. Upon making application and receiving approval  
30 from the director, a person and its affiliates that make  
31 retail sales of tangible personal property, specified digital  
32 products, or taxable enumerated services may make deposits and  
33 file a consolidated sales or use tax return for the affiliated  
34 group, pursuant to rules adopted by the director. A person and  
35 each affiliate that files a consolidated return are jointly and

1 severally liable for all tax, penalty, and interest found due  
2 for the tax period for which a consolidated return is filed or  
3 required to be filed.

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

15 6. If necessary or advisable in order to ~~insure~~ ensure  
16 the payment of the tax, the director may require returns and  
17 payment of the tax to be made for other than ~~quarterly~~ monthly  
18 periods, the provisions of [this section](#) or other provision to  
19 the contrary notwithstanding.

20 Sec. 14. Section 423.31, subsection 2, Code 2022, is amended  
21 by striking the subsection.

22 Sec. 15. Section 423.33, subsection 1, paragraph a, Code  
23 2022, is amended to read as follows:

24 *a.* If a purchaser fails to pay sales tax to the retailer  
25 required to collect the tax, then in addition to all of the  
26 rights, obligations, and remedies provided, a use tax is  
27 payable by the purchaser directly to the department, and  
28 sections 423.31, ~~423.32~~, [423.37](#), [423.38](#), [423.39](#), [423.40](#),  
29 [423.41](#), and [423.42](#) apply to the purchaser.

30 Sec. 16. Section 423.33, subsection 3, Code 2022, is amended  
31 to read as follows:

32 3. *Event sponsor's liability for sales tax.* A person  
33 sponsoring a flea market or a craft, antique, coin, or stamp  
34 show or similar event shall obtain from every retailer selling  
35 tangible personal property, specified digital products, or

1 taxable services at the event proof that the retailer possesses  
2 a valid sales or use tax permit or secure from the retailer  
3 a statement, taken in good faith, that tangible personal  
4 property, specified digital products, or services offered for  
5 sale are not subject to sales tax. Failure to do so renders  
6 a sponsor of the event liable for payment of any sales tax,  
7 interest, and penalty due and owing from any retailer selling  
8 property or services at the event. Sections 423.31, ~~423.32~~,  
9 423.37, 423.38, 423.39, 423.40, 423.41, and 423.42 apply to the  
10 sponsors. For purposes of this subsection, a "person sponsoring  
11 a flea market or a craft, antique, coin, or stamp show or similar  
12 event" does not include a marketplace facilitator as defined in  
13 section 423.14A, subsection 1, an organization which sponsors  
14 an event determined to qualify as an event involving casual  
15 sales pursuant to section 423.3, subsection 39, or the state  
16 fair or a fair as defined in section 174.1.

17 Sec. 17. Section 423.34, Code 2022, is amended to read as  
18 follows:

19 **423.34 Liability of user.**

20 Any person who uses any tangible personal property,  
21 specified digital products, or services enumerated in section  
22 423.2 upon which the use tax has not been paid, either to the  
23 county treasurer or to a retailer or direct to the department  
24 as required by this subchapter, shall be liable for the payment  
25 of tax, and shall on or before the last day of the month next  
26 succeeding each ~~quarterly~~ monthly period pay the use tax upon  
27 all tangible personal property, specified digital products,  
28 or services used by the person during the preceding ~~quarterly~~  
29 monthly period in the manner and accompanied by such returns  
30 as the director shall prescribe. All of the provisions of  
31 sections ~~423.32~~ 423.31 and 423.33 with reference to the returns  
32 and payments shall be applicable to the returns and payments  
33 required by this section.

34 Sec. 18. Section 423.36, subsection 4, paragraph b, Code  
35 2022, is amended to read as follows:



1     *b.* If an applicant is making sales outside Iowa for use in  
2 this state or furnishing services outside Iowa, the product  
3 or result of which will be used in this state, that applicant  
4 shall be issued one sales or use tax permit by the department  
5 applicable to these out-of-state sales or services.

6     Sec. 19. Section 423.36, subsection 4, Code 2022, is amended  
7 by adding the following new paragraph:

8     NEW PARAGRAPH. *c.* If an applicant is required to collect  
9 sales or use tax and is not included in the definition of a  
10 retailer maintaining a place of business in this state in  
11 section 423.1, subsection 48, paragraph “a”, subparagraph (1),  
12 the applicant shall be issued one sales or use tax permit by  
13 the department regardless of the number of locations from which  
14 sales are made.

15     Sec. 20. Section 423.36, subsections 7 and 8, Code 2022, are  
16 amended to read as follows:

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

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

32     8. The provisions of **subsection 1**, dealing with the lawful  
33 right of a retailer to transact business, as applicable, apply  
34 to persons having receipts from furnishing services enumerated  
35 in **section 423.2**, except that a person holding a permit

1 pursuant to [subsection 1](#) shall not be required to obtain any  
2 separate sales or use tax permit for the purpose of engaging in  
3 business involving the services.

4 Sec. 21. Section 423.40, subsections 1, 2, 3, and 5, Code  
5 2022, are amended to read as follows:

6 1. In addition to the sales or use tax or additional sales  
7 or use tax, the taxpayer shall pay a penalty as provided in  
8 section 421.27. The taxpayer shall also pay interest on the  
9 sales or use tax or additional sales or use tax at the rate  
10 in effect under [section 421.7](#) for each month counting each  
11 fraction of a month as an entire month, computed from the date  
12 the ~~semimonthly or monthly tax deposit form or return~~ was  
13 required to be filed. The penalty and interest shall be paid  
14 to the department and disposed of in the same manner as other  
15 receipts under [this subchapter](#). Unpaid penalties and interest  
16 may be enforced in the same manner as the taxes imposed by this  
17 chapter.

18 2. *a.* Any person who knowingly sells tangible personal  
19 property, specified digital products, tickets or admissions  
20 to places of amusement and athletic events, or gas, water,  
21 electricity, or communication service at retail, or engages in  
22 the furnishing of services enumerated in [section 423.2](#), in this  
23 state without procuring a permit to collect tax, as provided  
24 in [section 423.36](#), or who violates [section 423.24](#) and the  
25 officers of any corporation who so act are guilty of a serious  
26 misdemeanor.

27 *b.* A person who knowingly sells tangible personal property,  
28 specified digital products, tickets or admissions to places of  
29 amusement and athletic events, or gas, water, electricity, or  
30 communication service at retail, or engages in the furnishing  
31 of services enumerated in [section 423.2](#), in this state after  
32 the person's sales or use tax permit has been revoked and  
33 before it has been restored as provided in section 423.36,  
34 subsection 6, and the officers of any corporation who so act  
35 are guilty of an aggravated misdemeanor.

1 3. A person who willfully attempts in any manner to evade  
2 any tax imposed by [this chapter](#) or the payment of the tax or  
3 a person who makes or causes to be made a false or fraudulent  
4 ~~semimonthly or monthly tax deposit form~~ or return with intent  
5 to evade any tax imposed by [subchapter II](#) or [III](#) or the payment  
6 of the tax is guilty of a class "D" felony.

7 5. A person required to pay sales or use tax, or to make,  
8 sign, or file a ~~tax deposit form~~ or return or supplemental  
9 return, who willfully makes a false or fraudulent ~~tax deposit~~  
10 ~~form~~ or return, or willfully fails to pay at least ninety  
11 percent of the tax or willfully fails to make, sign, or file  
12 the ~~tax deposit form~~ or return, at the time required by law, is  
13 guilty of a fraudulent practice.

14 Sec. 22. Section 423.45, subsection 4, paragraph b, Code  
15 2022, is amended to read as follows:

16 *b.* The sales tax liability for all sales of tangible  
17 personal property and specified digital products and all sales  
18 of services is upon the seller and the purchaser unless the  
19 seller takes from the purchaser a valid exemption certificate  
20 stating under penalty of perjury that the purchase is for a  
21 nontaxable purpose and is not a retail sale as defined in  
22 section 423.1, or the seller is not obligated to collect tax  
23 due, or unless the seller takes a fuel exemption certificate  
24 pursuant to [subsection 5](#). If the tangible personal property,  
25 specified digital products, or services are purchased tax free  
26 pursuant to a valid exemption certificate and the tangible  
27 personal property, specified digital products, or services are  
28 used or disposed of by the purchaser in a nonexempt manner, the  
29 purchaser is solely liable for the taxes and shall remit the  
30 taxes directly to the department and [sections 423.31, 423.32,](#)  
31 [423.37, 423.38, 423.39, 423.40, 423.41, and 423.42](#) shall apply  
32 to the purchaser.

33 Sec. 23. Section 423.45, subsection 5, paragraph c, Code  
34 2022, is amended to read as follows:

35 *c.* The seller may accept a completed fuel exemption

1 certificate, as prepared by the purchaser, for three  
2 years unless the purchaser files a new completed exemption  
3 certificate. If the fuel is purchased tax free pursuant to a  
4 fuel exemption certificate which is taken by the seller, and  
5 the fuel is used or disposed of by the purchaser in a nonexempt  
6 manner, the purchaser is solely liable for the taxes, and shall  
7 remit the taxes directly to the department and [sections 423.31,](#)  
8 ~~423.32,~~ [423.37, 423.38, 423.39, 423.40, 423.41, and 423.42](#)  
9 shall apply to the purchaser.

10 Sec. 24. Section 423.50, subsection 1, Code 2022, is amended  
11 to read as follows:

12 1. Only one remittance of tax per return is required ~~except~~  
13 ~~as provided in [this subsection](#). Sellers that collect more~~  
14 ~~than thirty thousand dollars in sales and use taxes for this~~  
15 ~~state during the preceding calendar year shall be required to~~  
16 ~~make additional remittances as required under rules adopted by~~  
17 ~~the director. The filing of a return is not required with an~~  
18 ~~additional remittance.~~

19 Sec. 25. Section 423.57, Code 2022, is amended to read as  
20 follows:

21 **423.57 Statutes applicable.**

22 The director shall administer [this subchapter](#) as it relates  
23 to the taxes imposed in [this chapter](#) in the same manner and  
24 subject to all the provisions of, and all of the powers,  
25 duties, authority, and restrictions contained in sections  
26 423.14, [423.14A, 423.14B, 423.15, 423.16, 423.17, 423.19,](#)  
27 [423.20, 423.21, 423.22, 423.23, 423.24, 423.25, 423.29, 423.31,](#)  
28 ~~423.32,~~ [423.33, 423.34, 423.34A, 423.35, 423.37, 423.38,](#)  
29 [423.39, 423.40, 423.41, and 423.42,](#) section 423.43, subsection  
30 1, and [sections 423.45, 423.46, and 423.47.](#)

31 Sec. 26. Section 423.58, Code 2022, is amended to read as  
32 follows:

33 **423.58 Collection, permit, and tax return exemption for**  
34 **certain out-of-state businesses.**

35 Notwithstanding [sections 423.14, 423.14A, 423.14B, 423.29,](#)

1 423.31, ~~423.32~~, and 423.36, a person meeting the requirements  
2 of section 29C.24 is not required to obtain a sales or use tax  
3 permit, collect and remit sales and use tax, or make and file  
4 applicable sales or use tax returns, as provided in section  
5 29C.24, subsection 3, paragraph "a", subparagraph (2).

6 Sec. 27. Section 423A.6, subsection 4, Code 2022, is amended  
7 to read as follows:

8 4. Section 422.25, subsection 4, sections 422.30, 422.67,  
9 and 422.68, section 422.69, subsection 1, sections 422.70,  
10 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection  
11 1, and sections 423.23, 423.24, 423.25, 423.31, 423.33,  
12 423.35, 423.37 through 423.42, and 423.47, consistent with the  
13 provisions of this chapter, apply with respect to the taxes  
14 authorized under this chapter, in the same manner and with the  
15 same effect as if the state and local hotel and motel taxes  
16 were retail sales taxes within the meaning of those statutes.  
17 Notwithstanding this subsection, the director shall provide  
18 for ~~quarterly~~ monthly filing of returns and for other than  
19 ~~quarterly~~ monthly filing of returns both as prescribed in  
20 section 423.31. The director may require all persons who are  
21 engaged in the business of deriving any sales price subject  
22 to tax under this chapter to register with the department.  
23 All taxes collected under this chapter by a retailer, lodging  
24 provider, lodging facilitator, lodging platform, or any other  
25 person are deemed to be held in trust for the state of Iowa and  
26 the local jurisdictions imposing the taxes.

27 Sec. 28. Section 423B.5, subsection 3, Code 2022, is amended  
28 to read as follows:

29 3. A tax permit other than the state sales or use tax permit  
30 required under section 423.36 shall not be required by local  
31 authorities.

32 Sec. 29. Section 423B.6, subsection 2, paragraph c, Code  
33 2022, is amended to read as follows:

34 c. Frequency of deposits and ~~quarterly~~ monthly reports of a  
35 local sales and services tax with the department of revenue are

1 governed by the tax provisions in [section 423.31](#). Local tax  
2 collections shall not be included in computation of the total  
3 tax to determine frequency of filing under [section 423.31](#).

4 Sec. 30. Section 423C.4, Code 2022, is amended to read as  
5 follows:

6 **423C.4 Administration and enforcement.**

7 All powers and requirements of the director of revenue  
8 to administer the state sales tax law under [chapter 423](#) are  
9 applicable to the administration of the tax imposed under  
10 section 423C.3, including but not limited to section 422.25,  
11 subsection 4, [sections 422.30, 422.67, and 422.68](#), section  
12 422.69, subsection 1, [sections 422.70 through 422.75](#), section  
13 423.14, subsection 1, and [sections 423.15, 423.23, 423.24,](#)  
14 [423.25, 423.31, 423.33, 423.35 and 423.37 through 423.42,](#)  
15 [423.45, 423.46, and 423.47](#). However, as an exception to the  
16 powers specified in [section 423.31](#), the director shall only  
17 require the filing of ~~quarterly~~ monthly reports.

18 Sec. 31. Section 423D.4, subsection 3, Code 2022, is amended  
19 to read as follows:

20 3. [Section 422.25, subsection 4, sections 422.30, 422.67,](#)  
21 [and 422.68, section 422.69, subsection 1, sections 422.70,](#)  
22 [422.71, 422.72, 422.74, and 422.75,](#) section 423.14, subsection  
23 1, and [sections 423.23, 423.24, 423.25, 423.31 through](#)  
24 [423.35, 423.37 through 423.42, and 423.47,](#) consistent with  
25 the provisions of [this chapter](#), apply with respect to the tax  
26 authorized under [this chapter](#), in the same manner and with the  
27 same effect as if the excise taxes on equipment sales or use  
28 were retail sales taxes within the meaning of those statutes.  
29 Notwithstanding [this subsection](#), the director shall provide  
30 for ~~quarterly~~ monthly filing of returns and for other than  
31 ~~quarterly~~ monthly filing of returns both as prescribed in  
32 section 423.31. All taxes collected under [this chapter](#) by a  
33 retailer or any user are deemed to be held in trust for the  
34 state of Iowa.

35 Sec. 32. Section 423G.5, subsection 3, Code 2022, is amended

1 to read as follows:

2 3. Section 422.25, subsection 4, sections 422.30, 422.67,  
3 and 422.68, section 422.69, subsection 1, sections 422.70,  
4 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection  
5 1, and sections 423.23, 423.24, 423.25, 423.31 through  
6 423.35, 423.37 through 423.42, and 423.47, consistent with the  
7 provisions of *this chapter*, shall apply with respect to the tax  
8 authorized under *this chapter*, in the same manner and with the  
9 same effect as if the excise taxes on the sale or furnishing of  
10 a water service were retail sales taxes within the meaning of  
11 those statutes. Notwithstanding *this subsection*, the director  
12 shall provide for ~~quarterly~~ monthly filing of returns and  
13 for other than ~~quarterly~~ monthly filing of returns both as  
14 prescribed in section 423.31. All taxes collected under this  
15 chapter by a retailer or any user are deemed to be held in trust  
16 for the state of Iowa.

17 Sec. 33. Section 728.1, subsection 6, Code 2022, is amended  
18 to read as follows:

19 6. "*Place of business*" means the premises of a business  
20 required to obtain a sales or use tax permit pursuant to  
21 chapter 423, the premises of a nonprofit or not-for-profit  
22 organization, and the premises of an establishment which is  
23 open to the public at large or where entrance is limited by a  
24 cover charge or membership requirement.

25 Sec. 34. Section 728.5, subsection 1, unnumbered paragraph  
26 1, Code 2022, is amended to read as follows:

27 An owner, manager, or person who exercises direct control  
28 over a place of business required to obtain a sales or use tax  
29 permit shall be guilty of a serious misdemeanor under any of  
30 the following circumstances:

31 Sec. 35. REPEAL. Section 423.32, Code 2022, is repealed.

32 Sec. 36. IMPLEMENTATION — EMERGENCY RULES. The department  
33 of revenue may adopt emergency rules under section 17A.4,  
34 subsection 3, and section 17A.5, subsection 2, paragraph "b",  
35 to implement the provisions of this division of this Act and

1 the rules shall be effective immediately upon filing unless  
2 a later date is specified in the rules. Any rules adopted  
3 in accordance with this section shall also be published as a  
4 notice of intended action as provided in section 17A.4.

5 Sec. 37. EFFECTIVE DATE. The following, being deemed of  
6 immediate importance, takes effect upon enactment:

7 The section of this division of this Act enacting emergency  
8 rules relating to the implementation of this division of this  
9 Act.

10 Sec. 38. EFFECTIVE DATE. The following takes effect January  
11 1, 2023:

12 The section of this division of this Act amending section  
13 423.3, subsection 104, paragraph "b", subparagraph (1).

14 DIVISION II

15 DISTRIBUTIONS OF REVENUE TO LOCAL GOVERNMENTS AND SCHOOL  
16 DISTRICTS

17 Sec. 39. Section 423B.7, subsection 2, paragraph a, Code  
18 2022, is amended to read as follows:

19 a. The director of revenue by ~~August 15 of each fiscal~~  
20 year the last day of each month shall ~~send~~ transfer to each  
21 city or county where the local option tax is imposed, ~~an~~  
22 ~~estimate of the amount of tax moneys~~ remitted to the department  
23 attributable to each city or county will receive for the year  
24 and for each month of the year from the preceding month. ~~At the~~  
25 ~~end of each month, the director may revise the estimates for~~  
26 ~~the year and remaining months.~~

27 Sec. 40. Section 423B.7, subsection 2, paragraphs b and c,  
28 Code 2022, are amended by striking the paragraphs.

29 Sec. 41. Section 423F.2, subsection 4, paragraph a, Code  
30 2022, is amended to read as follows:

31 a. The director of revenue by ~~August 15 of each fiscal year~~  
32 the last day of each month shall ~~send~~ transfer to each school  
33 district ~~an estimate of the amount of tax moneys~~ remitted  
34 to the department attributable to each school district will  
35 receive for the year and for each month of the year from the



1 preceding month. ~~At the end of each month, the director may~~  
2 ~~revise the estimates for the year and remaining months.~~

3 Sec. 42. Section 423F.2, subsection 4, paragraph b, Code  
4 2022, is amended by striking the paragraph and inserting in  
5 lieu thereof the following:

6 *b.* On or before August 15 of each fiscal year the director  
7 of revenue shall provide to each school district an estimate  
8 of the amount of tax moneys to be distributed to each school  
9 district for the current fiscal year.

10 Sec. 43. Section 423F.2, subsection 4, paragraph c, Code  
11 2022, is amended by striking the paragraph.

12 Sec. 44. TRANSITION PROVISION FOR LOCAL OPTION SALES TAX  
13 AND SECURING AN ADVANCED VISION FOR EDUCATION — TRANSFER  
14 AMOUNTS. Notwithstanding any other provision of law to the  
15 contrary, the department of revenue shall estimate monthly  
16 local option sales tax and securing an advanced vision for  
17 education transfer amounts through the end of the 2022 calendar  
18 year. The department of revenue shall transfer estimated  
19 amounts to each local government or school district for the  
20 months of July, August, and September 2022. Beginning with the  
21 October 2022 transfer, the department shall not use estimated  
22 amounts and shall transfer the amount of tax attributable to  
23 each local government or school district for the tax remitted  
24 in September 2022. Any adjustment amount that is necessary to  
25 the July, August, or September 2022 estimated transfer amount  
26 to reflect the accurate attributable amount shall be made by  
27 the department of revenue or the local government or school  
28 district by the close of business on December 30, 2022.

29

#### DIVISION III

30 LIABILITY OF SELLERS USING CERTIFIED SERVICE PROVIDER

31 Sec. 45. Section 423.48, subsection 3, paragraph a, Code  
32 2022, is amended to read as follows:

33 *a.* A model 1 seller's obligation to calculate, collect, and  
34 remit sales and use taxes shall be performed by its certified  
35 service provider, except for the seller's obligation to remit

1 tax on its own purchases. As the seller's agent, the certified  
2 service provider is liable for its model 1 seller's sales  
3 and use tax due Iowa on all sales transactions it processes  
4 for the seller except as set out in [this section](#). A seller  
5 that contracts with a certified service provider is not  
6 liable to the state for sales or use tax due on transactions  
7 processed by the certified service provider unless the seller  
8 ~~misrepresents the types of items or services it sells or~~  
9 ~~commits fraud~~ certified service provider establishes that  
10 the certified service provider is not liable in accordance  
11 with the agreement. In the absence of ~~probable cause to~~  
12 ~~believe that the seller has committed fraud or made a material~~  
13 ~~misrepresentation~~ liability relief established by the certified  
14 service provider, the seller is not subject to audit on the  
15 transactions processed by the certified service provider.  
16 A model 1 seller is subject to audit for transactions not  
17 processed by the certified service provider. The director is  
18 authorized to perform a system check of the model 1 seller and  
19 review the seller's procedures to determine if the certified  
20 service provider's system is functioning properly and the  
21 extent to which the seller's transactions are being processed  
22 by the certified service provider.

23 DIVISION IV

24 AUTHORITY TO CANCEL VARIOUS PERMITS ISSUED BY THE DEPARTMENT

25 Sec. 46. Section 421.17, Code 2022, is amended by adding the  
26 following new subsection:

27 NEW SUBSECTION. 37. Notwithstanding any other provision  
28 of law to the contrary, to cancel the following permits upon  
29 verification by the department of revenue the permits are no  
30 longer in use: income tax withholding, sales or use tax, or  
31 motor fuel tax.

32 DIVISION V

33 ECONOMIC DEVELOPMENT AUTHORITY SALES AND USE TAX REFUND  
34 INCENTIVES

35 Sec. 47. Section 15.331A, subsection 2, Code 2022, is

1 amended to read as follows:

2 2. To receive the refund, a claim shall be filed by the  
3 eligible business with the department of revenue as follows:

4 a. The contractor or subcontractor shall state under oath,  
5 on forms provided by the department of revenue, the amount of  
6 the sales of tangible personal property or services rendered,  
7 furnished, or performed including water, sewer, gas, and  
8 electric utility services upon which sales or use tax has been  
9 paid prior to the ~~project~~ contract completion, and shall file  
10 the forms with the eligible business before final settlement  
11 is made.

12 b. The eligible business shall, ~~not more than one year after~~  
13 ~~project~~ contract completion, make application to the department  
14 of revenue for any refund of the amount of the sales and use  
15 taxes paid pursuant to [chapter 423](#) upon any tangible personal  
16 property, or services rendered, furnished, or performed,  
17 including water, sewer, gas, and electric utility services.  
18 The application shall be made in the manner and upon forms to  
19 be provided by the department of revenue, and the department of  
20 revenue shall audit the claim and, if approved, issue a warrant  
21 to the eligible business in the amount of the sales or use tax  
22 which has been paid to the state of Iowa under a contract. The  
23 application must be made within one year after the project  
24 completion date. A claim filed by the eligible business in  
25 accordance with [this section](#) shall not be denied by reason of a  
26 limitation provision set forth in [chapter 421](#) or [423](#).

27 c. The eligible business shall inform the department of  
28 revenue in writing after ~~project~~ contract completion. For  
29 ~~purposes of [this section](#), "project completion" means the~~  
30 ~~first date upon which the average annualized production of~~  
31 ~~finished product for the preceding ninety-day period at the~~  
32 ~~manufacturing facility operated by the eligible business is~~  
33 ~~at least fifty percent of the initial design capacity of the~~  
34 ~~facility.~~

35 Sec. 48. Section 15.331A, Code 2022, is amended by adding

1 the following new subsection:

2 NEW SUBSECTION. 4. For purposes of this section, "*contract*  
3 *completion*" means the date of completion of a written contract  
4 relating to the construction or equipping of the facility that  
5 is part of the project of the eligible business.

6 Sec. 49. Section 15.331C, subsections 1 and 2, Code 2022,  
7 are amended to read as follows:

8 1. ~~An~~ In lieu of the sales and use tax refund provided  
9 in section 15.331A, an eligible business may claim a tax  
10 credit in an amount equal to the sales and use taxes paid by a  
11 third-party developer under [chapter 423](#) for gas, electricity,  
12 water, or sewer utility services, goods, wares, or merchandise,  
13 or on services rendered, furnished, or performed to or for a  
14 contractor or subcontractor and used in the fulfillment of a  
15 written contract relating to the construction or equipping of  
16 a facility of the eligible business. Taxes attributable to  
17 intangible property and furniture and furnishings shall not  
18 be included, but taxes attributable to racks, shelving, and  
19 conveyor equipment to be used in a warehouse or distribution  
20 center shall be included. Any credit in excess of the tax  
21 liability for the tax year may be credited to the tax liability  
22 for the following seven years or until depleted, whichever  
23 occurs earlier. An eligible business may elect to receive a  
24 refund of all or a portion of an unused tax credit.

25 2. A third-party developer shall state under oath, on  
26 forms provided by the department of revenue, the amount of  
27 taxes paid as described in [subsection 1](#) and shall submit such  
28 forms to the department of revenue. The taxes paid shall be  
29 itemized to allow identification of the taxes attributable  
30 to racks, shelving, and conveyor equipment to be used in a  
31 warehouse or distribution center. The eligible business  
32 shall make application to the department of revenue in the  
33 manner and form prescribed by the department of revenue, and  
34 within the time for applying for a sales and use tax refund  
35 under section 15.331A. After timely receiving the form from

1 the third-party developer and application from the eligible  
2 business, the department of revenue shall audit the claim  
3 and, if approved, shall issue a tax credit certificate to the  
4 eligible business equal to the sales and use taxes paid by a  
5 third-party developer under [chapter 423](#) for gas, electricity,  
6 water, or sewer utility services, goods, wares, or merchandise,  
7 or on services rendered, furnished, or performed to or for a  
8 contractor or subcontractor and used in the fulfillment of a  
9 written contract relating to the construction or equipping  
10 of a facility. The department of revenue shall also issue a  
11 tax credit certificate to the eligible business equal to the  
12 taxes paid and attributable to racks, shelving, and conveyor  
13 equipment to be used in a warehouse or distribution center.  
14 The aggregate combined total amount of tax refunds under  
15 section 15.331A for taxes paid and attributable to racks,  
16 shelving, and conveyor equipment to be used in a warehouse or  
17 distribution center and of tax credit certificates issued by  
18 the department of revenue under this section for the taxes paid  
19 and attributable to racks, shelving, and conveyor equipment  
20 to be used in a warehouse or distribution center shall not  
21 exceed five hundred thousand dollars in a fiscal year. If  
22 an applicant for a tax credit certificate does not receive  
23 a refund or certificate for the taxes paid and attributable  
24 to racks, shelving, and conveyor equipment to be used in a  
25 warehouse or distribution center, the application shall be  
26 considered in succeeding fiscal years. The eligible business  
27 shall not claim a tax credit under [this section](#) unless a tax  
28 credit certificate issued by the department of revenue is  
29 included with the taxpayer's tax return for the tax year for  
30 which the tax credit is claimed. A tax credit certificate  
31 shall contain the eligible business's name, address, tax  
32 identification number, the amount of the tax credit, and other  
33 information deemed necessary by the department of revenue.  
34 Sec. 50. Section 15.355, subsection 2, Code 2022, is amended  
35 by striking the subsection and inserting in lieu thereof the

1 following:

2 2. a. A housing business may claim a refund of the sales  
3 and use taxes paid under chapter 423 prior to the completion  
4 of the housing project that are directly related to a housing  
5 project and specified in the agreement.

6 b. To receive a refund, a claim shall be filed by the  
7 housing business with the department of revenue as follows:

8 (1) The contractor or subcontractor shall state under oath,  
9 on forms provided by the department of revenue, the amount  
10 of sales and use taxes paid under chapter 423 prior to the  
11 completion of the housing project that are directly related to  
12 a housing project and specified in the agreement.

13 (2) The contractor or subcontractor shall file the forms  
14 with the housing business before final settlement is made.

15 (3) (a) The housing business shall, after the agreement  
16 completion date, make application to the department of revenue  
17 for any refund of the amount of sales and use taxes paid under  
18 chapter 423 prior to the completion of the housing project that  
19 were directly related to a housing project and specified in the  
20 agreement. The application shall be made in the manner and  
21 upon forms to be provided by the department of revenue. The  
22 department of revenue shall audit the claim and, if approved,  
23 issue a warrant to the housing business. The application  
24 must be made within one year after the agreement completion  
25 date. A claim filed by the housing business in accordance with  
26 this subsection shall not be denied by reason of a limitation  
27 provision set forth in chapter 421 or 423.

28 (b) For purposes of this subparagraph, "*agreement completion*  
29 *date*" means the date on which the authority notifies the  
30 department of revenue that all applicable requirements of the  
31 agreement entered into pursuant to section 15.354, subsection  
32 3, paragraph "a", and all applicable requirements of this part,  
33 including the rules the authority and the department of revenue  
34 adopt pursuant to section 15.356, are satisfied.

35 c. A contractor or subcontractor who willfully makes a

1 false claim under oath in violation of the provisions of this  
2 subsection shall be guilty of a simple misdemeanor and in  
3 addition to any other penalty, the contractor or subcontractor  
4 shall be liable for the payment of the tax and any applicable  
5 penalty and interest.

6 Sec. 51. EFFECTIVE DATE. This division of this Act, being  
7 deemed of immediate importance, takes effect upon enactment.

8 Sec. 52. APPLICABILITY. This division of this Act applies  
9 to claims for refunds filed on or after the effective date of  
10 this division of this Act.

11 DIVISION VI

12 FRANCHISE TAX

13 Sec. 53. Section 422.63, Code 2022, is amended to read as  
14 follows:

15 **422.63 Amount of tax.**

16 1. The franchise tax is imposed annually in an amount equal  
17 to five the percent specified in subsection 2 of the net income  
18 received or accrued during the taxable year. If the net income  
19 of the financial institution is derived from its business  
20 carried on entirely within the state, the tax shall be imposed  
21 on the entire net income, but if the business is carried on  
22 partly within and partly without the state, the portion of net  
23 income reasonably attributable to the business within the state  
24 shall be specifically allocated or equitably apportioned within  
25 and without the state under rules of the director.

26 2. a. For tax years beginning prior to January 1, 2023,  
27 five percent.

28 b. For tax years beginning on or after January 1, 2023, but  
29 before January 1, 2024, four and seven-tenths percent.

30 c. For tax years beginning on or after January 1, 2024, but  
31 before January 1, 2025, four and four-tenths percent.

32 d. For tax years beginning on or after January 1, 2025, but  
33 before January 1, 2026, four and one-tenth percent.

34 e. For tax years beginning on or after January 1, 2026, but  
35 before January 1, 2027, three and eight-tenths percent.

1 f. For tax years beginning on or after January 1, 2027,  
2 three and one-half percent.

3 DIVISION VII

4 MANUFACTURED FOOD — SALES TAX EXEMPTION

5 Sec. 54. Section 423.3, subsection 49, Code 2022, is amended  
6 to read as follows:

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

26 b. For purposes of this subsection, "food or food  
27 ingredients" means the same as "food and food ingredients" as  
28 defined in subsection 57, paragraph "d", and includes tangible  
29 personal property that could be sold for ingestion or chewing  
30 by humans but is sold for another use.

31 Sec. 55. REFUNDS. Refunds of taxes, interest, or penalties  
32 which arise from the enactment of this division of this Act,  
33 for sales or services occurring between January 1, 2019, and  
34 the effective date of this division of this Act, shall be  
35 limited to one hundred thousand dollars in the aggregate for



1 any calendar year in which claims are eligible for a refund and  
2 shall not be allowed unless refund claims are filed by October  
3 1, 2022, notwithstanding any other law to the contrary. If the  
4 amount of claims totals more than one hundred thousand dollars  
5 in the aggregate for any calendar year in which claims are  
6 eligible for a refund, the department of revenue shall prorate  
7 the one hundred thousand dollars in the aggregate among all the  
8 claimants for that particular calendar year in relation to the  
9 amounts of the claimants' valid claims.

10 Sec. 56. EFFECTIVE DATE. This division of this Act, being  
11 deemed of immediate importance, takes effect upon enactment.

12 Sec. 57. RETROACTIVE APPLICABILITY. This division of this  
13 Act applies retroactively to January 1, 2019.

14 DIVISION VIII

15 MOTOR FUEL REPORTING REQUIREMENT — PENALTY

16 Sec. 58. Section 452A.33, subsection 1, paragraph c, Code  
17 2022, is amended to read as follows:

18 c. (1) The retail dealer shall prepare and ~~submit~~ file  
19 the report with the department in a manner and according to  
20 procedures required by the department in compliance with  
21 section 452A.61. However, the department may require that the  
22 retail dealer file the report with the department by electronic  
23 transmission. The department may require that retail dealers  
24 report to the department on an annual, quarterly, or monthly  
25 basis. The department, upon application by a retail dealer,  
26 may grant a reasonable extension of time to file the report.

27 (2) If a retail dealer fails to file the report as required  
28 by this section or fails to maintain records required to file  
29 the report the department may impose a civil penalty of not  
30 more than one hundred dollars per occurrence in addition to any  
31 other penalty provided by law. The penalty amount shall be  
32 deposited into the general fund of the state.>

33 2. Title page, by striking lines 1 through 7 and inserting  
34 <An Act relating to sales, use, franchise, and motor vehicle  
35 fuel taxes administered by the department of revenue including

1 distributions to local governments and school districts, the  
2 liability of sellers, tax refund and tax credit incentives,  
3 sales tax on food ingredients, and motor fuel tax reporting  
4 modifications, and providing penalties, and including effective  
5 date, applicability, and retroactive applicability provisions.>

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LOHSE of Polk