



HF 713 – Used Catalytic Converter Transactions (LSB2534HV)
Staff Contact: Maria Wagenhofer (515.281.5270) maria.wagenhofer@legis.iowa.gov
Fiscal Note Version – New

Description

[House File 713](#) allows for sellers or purchasers of catalytic converters to register as an authorized seller or authorized purchaser with the Iowa Department of Revenue (IDR) and adds persons registered as an authorized seller or authorized purchaser to the list of persons eligible to conduct a business transaction involving a used catalytic converter. The registration fee is \$100 and is valid for one year. All fees are deposited into the General Fund. The IDR is required to adopt administrative rules to implement and administer this registration process.

The Bill also authorizes the seller of a used catalytic converter who operates a business at a fixed location in the State to provide a copy of the seller's business license or permit or a copy of the person's certificate of registration as an authorized seller. For transactions other than business transactions for used catalytic converters, the Bill authorizes sellers to provide a signed affidavit attesting to the seller's valid ownership of the catalytic converter instead of the original receipt, invoice, or junking certificate.

Lastly, the Bill adds that a person must intentionally violate Iowa Code section [714.27A](#) to be subject to the civil or criminal penalties outlined in the chapter.

Background

2022 Iowa Acts, chapter [1092](#), created provisions for used catalytic converter transactions in the State. Under current law, a seller of a used catalytic converter who operates a business at a fixed location in the State must provide a copy of a valid sales tax permit. Also under current law, a seller of a catalytic converter operating a business at a fixed location in another state is authorized to provide a copy of a valid business license or permit from the other state. A person who violates Iowa Code section 714.27A is subject to a civil penalty of \$1,000 for an initial violation, \$5,000 for a second violation within two years, and \$10,000 for a third or subsequent violation within two years.

Assumptions

- The IDR will incur administrative and information technology (IT) costs to establish a system for authorized sellers or purchasers to register with the IDR.
- It is unknown how many individuals may register with the IDR as an authorized seller or purchaser.

Fiscal Impact

According to the IDR, the estimated administrative and IT cost to develop a registration system is approximately \$100,000. This is a one-time cost.

There will also be a positive annual impact to the General Fund when individuals register with the IDR and remit the \$100 registration fee. However, the overall fiscal impact cannot be determined at this time.

Source

Iowa Department of Revenue

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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