

PROOF

STATE OF IOWA

House Journal

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JOURNAL OF THE HOUSE

One Hundred Eighth Calendar Day - Seventy-seventh Session Day

Hall of the House of Representatives
Des Moines, Iowa, Wednesday, April 30, 2003

The House met pursuant to adjournment at 8:43 a.m., Speaker Rants in the chair.

Prayer was offered by the Honorable Reverend Rod Roberts, state representative from Carroll County.

The Journal of Tuesday, April 29, 2003 was approved.

"America" was sung by House Page Rachel Van Fossen, daughter of the Honorable Jamie Van Fossen, state representative of Scott County and granddaughter of the Honorable Jim Van Fossen, state representative of Scott County.

INTRODUCTION OF BILLS

[House File 699](#), by committee on appropriations, a bill for an act relating to Iowa agricultural industry finance corporations, by providing for the assignment of an Iowa agricultural industry finance loan, and providing an effective date.

Read first time and placed on the **appropriations calendar**.

[House File 700](#), by committee on appropriations, a bill for an act relating to public expenditure and regulatory matters, compensating public employees, making and reducing appropriations, providing for related matters, making penalties applicable, and providing effective dates.

Read first time and placed on the **appropriations calendar**.

ADOPTION OF [HOUSE RESOLUTION 60](#)

Granzow of Hardin called up for consideration [House Resolution 60](#), a resolution honoring the city of Eldora on its sesquicentennial anniversary year, and moved its adoption.

The motion prevailed and the resolution was adopted.

The House stood at ease at 8:52 a.m., until the fall of the gavel.

The House resumed session at 11:03 a.m., Speaker Rants in the chair.

Gipp of Winneshiek asked and received unanimous consent for the immediate consideration of [House File 695](#).

CONSIDERATION OF BILLS
Appropriations Calendar

[House File 695](#), a bill for an act relating to and making appropriations to state departments and agencies from the rebuild Iowa infrastructure fund, environment first fund, and tobacco settlement trust fund, relating to the capitol complex parking structure, and authorizing fees, was taken up for consideration.

[SENATE FILE 452](#) SUBSTITUTED FOR [HOUSE FILE 695](#)

Huseman of Cherokee asked and received unanimous consent to substitute [Senate File 452](#) for [House File 695](#).

[Senate File 452](#), a bill for an act relating to and making appropriations to state departments and agencies from the rebuild Iowa infrastructure fund, environment first fund, and tobacco settlement trust fund, relating to the capitol complex parking structure, and authorizing fees, was taken up for consideration.

Huseman of Cherokee offered the following amendment [H-1510](#) filed by him and moved its adoption:

H-1510

- 1 Amend [Senate File 452](#), as amended, passed, and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 1, by striking lines 9 and 10 and
- 4 inserting the following:
- 5 "1. For correction of deferred maintenance at the
- 6 Iowa school for the deaf, notwithstanding section
- 7 8.57, subsection 5, paragraph "c:"
- 8 2. Page 1, by striking lines 12 through 14 and
- 9 inserting the following:

10 "2. For correction of deferred maintenance at the
 11 Iowa braille and sight saving school, notwithstanding
 12 section 8.57, subsection 5, paragraph "c":"

Amendment [H-1510](#) was adopted.

Huseman of Cherokee asked and received unanimous consent to withdraw amendment [H-1507](#) filed by Huseman of Cherokee, et al., on April 29, 2003.

Jochum of Dubuque offered the following amendment [H-1520](#) filed by her from the floor and moved its adoption:

H-1520

1 Amend [Senate File 452](#), as amended, passed, and
 2 reprinted by the Senate, as follows:
 3 1. Page 6, by inserting after line 7 the
 4 following:
 5 "STATE COMMISSIONER OF ELECTIONS
 6 Sec. __. There is appropriated from the rebuild
 7 Iowa infrastructure fund to the state commissioner of
 8 elections for the fiscal year beginning July 1, 2003,
 9 and ending June 30, 2004, the following amount, or so
 10 much thereof as is necessary, to be used for the
 11 purpose designated:
 12 For the purchase and installation of voting
 13 machines, notwithstanding section 8.57, subsection 5,
 14 paragraph "c":
 15 \$ 1,263,000
 16 The state commissioner of elections shall report to
 17 the general assembly regarding the expenditure of the
 18 moneys appropriated in this section by January 2,
 19 2004, and July 1, 2004."
 20 2. By renumbering as necessary.

Roll call was requested by Myers of Johnson and Mascher of Johnson.

On the question "Shall amendment [H-1520](#) be adopted?" ([S.F. 452](#))

The ayes were, 44:

Bell	Berry	Cohoon	Connors
Dandekar	Davitt	Fallon	Foegen
Ford	Frevert	Gaskill	Greimann
Heddens	Hogg	Hunter	Huser
Jochum	Kuhn	Lensing	Lykam

Mascher	McCarthy	Mertz	Miller
Murphy	Myers	Oldson	Olson, D.
Osterhaus	Petersen	Quirk	Reasoner
Shoultz	Stevens	Struyk	Swaim
Taylor, D.	Taylor, T.	Thomas	Wendt
Whitaker	Whitead	Winckler	Wise

The nays were, 53:

Alons	Arnold	Baudler	Boal
Boddicker	Bogges	Carroll	Chambers
De Boef	Dennis	Dix	Dolecheck
Drake	Eichhorn	Elgin	Freeman
Gipp	Granzow	Greiner	Hahn
Hansen	Hanson	Heaton	Hoffman
Horbach	Huseman	Hutter	Jacobs
Jenkins	Jones	Klemme	Kramer
Kurtenbach	Lalk	Lukan	Maddox
Manternach	Olson, S.	Paulsen	Raecker
Rasmussen	Rayhons	Roberts	Sands
Schickel	Tjepkes	Tymeson	Upmeyer
Van Engelenhoven	Van Fossen, J.K.	Van Fossen, J.R.	Watts
Mr. Speaker			
Rants			

Absent or not voting, 3:

Bukta	Smith	Wilderdyke
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Amendment [H-1520](#) lost.

SPECIAL PRESENTATION

Hahn of Muscatine introduced to the House the Honorable Bob Johnson, former state representative from Muscatine County.

The House rose and expressed its welcome.

D. Olson of Boone offered the amendment [H-1535](#) filed by D. Olson, T. Taylor of Linn and Thomas of Clayton from the floor, division was requested as follows:

H-1535

- 1 Amend [Senate File 452](#), as amended, passed, and
- 2 reprinted by the Senate, as follows:

H-1535A

- 3 1. Page 6, line 15, by inserting before the word
 4 "For" the following: "1."
 5 2. Page 6, by inserting after line 20 the
 6 following:
 7 "3. For the rail assistance program and to provide
 8 economic development project funding, notwithstanding
 9 section 8.57, subsection 5, paragraph "c":
 10 \$ 100,000"

H-1535B

- 11 3. Page 20, by inserting after line 9 the
 12 following:
 13 "DIVISION___,
 14 CLOSE CLEARANCE NEAR RAILROADS
 15 Sec. ___. CLOSE-CLEARANCE CONDITIONS NEAR RAILROAD
 16 TRACKS – RULES. The state department of
 17 transportation shall adopt rules regulating close-
 18 clearance conditions on or near railroad tracks. The
 19 rules shall include requirements and standards for the
 20 installation of close-clearance warning devices."
 21 4. Title page, line 4, by inserting after the
 22 word "structure," the following: "and close clearance
 23 near railroads".
 24 5. By renumbering as necessary.

D. Olson of Boone moved the adoption of amendment [H-1535A](#).

Amendment [H-1535A](#) lost.

Huseman of Cherokee offered the following amendment [H-1506](#) filed by him and Cohoon of Des Moines and moved its adoption:

H-1506

- 1 Amend [Senate File 452](#), as amended, passed, and
 2 reprinted by the Senate, as follows:
 3 1. Page 15, line 31, by striking the figure
 4 "1,000,000" and inserting the following: "2,000,000".

Amendment [H-1506](#) was adopted.

Huseman of Cherokee offered the following amendment [H-1519](#) filed by him and Cohoon of Des Moines from the floor and moved its adoption:

H-1519

- 1 Amend [Senate File 452](#), as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 16, by inserting after line 8 the
4 following:
5 "____. STATE BOARD OF REGENTS
6 For non-fire-related restoration of the Old Capitol
7 on the University of Iowa campus in Iowa City,
8 including but not limited to capital and other
9 improvements related to exterior metal roofing,
10 masonry repointing, and window replacement; electrical
11 upgrades; asbestos abatement; elevator improvements;
12 interior painting and lighting and exhibit displays;
13 and site walkway and landscaping improvements:
14 \$ 2,500,000"
15 2. By renumbering as necessary.

Amendment [H-1519](#) was adopted.

Dix of Butler offered the following amendment [H-1540](#) filed by him and Murphy of Dubuque from the floor and moved its adoption:

H-1540

- 1 Amend [Senate File 452](#), as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 18, by inserting after line 30 the
4 following:
5 "DIVISION ____
6 CASH RESERVE FUND
7 Sec.____. If [House File 696](#) is enacted during the 2003
8 Regular Session of the Eightieth General Assembly, any additional
9 revenues from the state taxation of the adjusted gross revenues
10 from gambling games at racetrack enclosures which result from the
11 enactment of [House File 696](#) and which are deposited into the
12 rebuild Iowa infrastructure fund shall be transferred to the cash
13 reserve fund in an amount not to exceed \$16,555,000."
14 2. Page 20, by inserting after line 9 the following:
15 "DIVISION ____
16 CONTINGENT APPROPRIATIONS
17 Sec.____. The appropriations made from the rebuild
18 Iowa infrastructure fund in division I of this Act and
19 from the environment first fund in division II of this
20 Act are contingent upon the occurrence of one or both
21 of the following:
22 1. The enactment of [House File 696](#) during the 2003
23 Regular Session of the Eightieth General Assembly.
24 2. A final decision by the United States Supreme
25 Court in the litigation entitled *Racing Association of*
26 *Central Iowa v. Fitzgerald*, 648 N.W.2d 555 (Iowa 2002)

27 in favor of the state's taxation pursuant to section
 28 99F.11, Code 2003, of the adjusted gross revenues from
 29 gambling games at racetrack enclosures."
 30 3. By renumbering as necessary.

Amendment [H-1540](#) was adopted.

Murphy of Dubuque offered the following amendment [H-1521](#) filed by him from the floor and moved its adoption:

H-1521

1 Amend [Senate File 452](#), as amended, passed, and
 2 reprinted by the Senate, as follows:
 3 1. Page 19, line 22, by striking the word "shall"
 4 and inserting the following: "may".

Amendment [H-1521](#) lost.

T. Taylor of Linn moved the adoption of amendment [H-1535B](#).

Amendment [H-1535B](#) lost.

Huseman of Cherokee offered the following amendment [H-1541](#) filed by Huseman, Cohoon of Des Moines, Boal of Polk, Tymeson of Madison, Davitt of Warren, Huser of Polk and Dennis of Black Hawk, from the floor and moved its adoption:

H-1541

1 Amend [Senate File 452](#), as amended, passed, and
 2 reprinted by the Senate, as follows:
 3 1. Page 5, by inserting after line 15 the
 4 following:
 5 "NATIONAL PROGRAM FOR PLAYGROUND SAFETY
 6 Sec. __. There is appropriated from the rebuild
 7 Iowa infrastructure fund to the national program for
 8 playground safety at the university of northern Iowa
 9 for the fiscal year beginning July 1, 2003, and ending
 10 June 30, 2004, the following amount, or so much
 11 thereof as is necessary, to be used for the purpose
 12 designated:
 13 For the Iowa safe surfacing initiative,
 14 notwithstanding section 8.57, subsection 5, paragraph
 15 "c":
 16 \$ 500,000
 17 No more than 2.5 percent of the funds appropriated
 18 in this section shall be used by the national program

19 for playground safety for administrative costs
20 associated with the Iowa safe surfacing initiative.
21 The crumb rubber playground tiles for the
22 initiative shall be international play equipment
23 manufacturers association (IPEMA)-certified to the
24 American society for testing and materials (ASTM)
25 F1292 standard."
26 2. By renumbering, redesignating, and correcting
27 internal references as necessary.

Amendment [H-1541](#) was adopted.

Huser of Polk offered the following amendment [H-1542](#) filed by Huser, Lukan of Dubuque, Horbach of Tama, Manternach of Jones, Tymeson of Madison, Heaton of Henry, Boal of Polk, Davitt of Warren, Bell of Jasper, Osterhaus of Jackson, Upmeyer of Hancock, Huseman of Cherokee, Cohoon of Des Moines, Freeman of Buena Vista, Struyk of Pottawattamie, Chambers of O'Brien and Thomas of Clayton from the floor and moved its adoption:

H-1542

1 Amend [Senate File 452](#), as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 6, by inserting after line 7 the
4 following:
5 "___ To the division of fire safety of the
6 department for allocation to the fire service training
7 bureau to establish a revolving loan program for
8 equipment purchases by local fire departments,
9 notwithstanding section 8.57, subsection 5, paragraph
10 "c":
11 § 500,000"
12 2. By renumbering as necessary.

Amendment [H-1542](#) was adopted.

Foege of Linn offered the following amendment [H-1547](#) filed by him from the floor and moved its adoption:

H-1547

1 Amend [Senate File 452](#), as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 20, by inserting after line 9 the
4 following:
5 "DIVISION ___
6 SAFE CHEMICALS IN SCHOOLS PROGRAM TASK FORCE

7 Sec. ___. SAFE CHEMICALS IN SCHOOLS PROGRAM TASK
8 FORCE.

9 1. The department of education is directed to
10 establish a safe chemicals in schools program task
11 force. The task force is directed to develop a
12 program to provide for training in safe chemical
13 management for school district personnel for on-site
14 identification and management of radioactive materials
15 and potential explosives in school districts.

16 2. The task force shall consist of the director of
17 public health or the director's designee, the director
18 of the department of natural resources or the
19 director's designee, the state fire marshal or the
20 state fire marshal's designee, and the director of the
21 department of education or the director's designee.
22 The task force shall also include four members of the
23 general assembly with not more than one member from
24 each chamber being from the same political party. The
25 two senators shall be designated by the president of
26 the senate after consultation with the majority and
27 minority leaders of the senate. The two
28 representatives shall be designated by the speaker of
29 the house of representatives after consultation with
30 the majority and minority leaders of the house of
31 representatives. Legislative members shall serve in
32 an ex officio, nonvoting capacity. The task force
33 shall be responsible for designating an agency or
34 management firm charged with the responsibility of
35 administering the program.

36 3. The task force shall submit a report on the
37 status of the development of the program to the
38 general assembly by January 1, 2004. The task force
39 should have completed its work by January 1, 2005, at
40 which time a final report will be submitted to the
41 general assembly."

42 2. Title page, line 4, by inserting after the
43 word "structure" the following: "and providing for a
44 task force".

45 3. By renumbering as necessary.

Amendment [H-1547](#) lost.

LEAVE OF ABSENCE

Leave of absence was granted as follows:

Bukta of Clinton for the remainder of the week, on request of Myers of Johnson.

Huseman of Cherokee moved that the bill be read a last time now and placed upon its passage which motion prevailed and the bill was read a last time.

On the question "Shall the bill pass?" ([S.F. 452](#))

The ayes were, 98:

Alons	Arnold	Baudler	Bell
Berry	Boal	Boddicker	Boggess
Bukta	Carroll	Chambers	Cohoon
Connors	Dandekar	Davitt	De Boef
Dennis	Dix	Dolecheck	Drake
Eichhorn	Elgin	Fallon	Foege
Ford	Freeman	Frevert	Gaskill
Gipp	Granzow	Greimann	Greiner
Hahn	Hanson	Heaton	Heddens
Hoffman	Hogg	Horbach	Hunter
Huseman	Huser	Hutter	Jacobs
Jenkins	Jochum	Jones	Klemme
Kramer	Kuhn	Kurtenbach	Lalk
Lensing	Lukan	Lykam	Maddox
Manternach	Mascher	McCarthy	Mertz
Miller	Murphy	Myers	Oldson
Olson, D.	Olson, S.	Osterhaus	Paulsen
Petersen	Quirk	Raecker	Rasmussen
Rayhons	Reasoner	Roberts	Sands
Schickel	Shoultz	Stevens	Struyk
Swaim	Taylor, D.	Taylor, T.	Thomas
Tjepkes	Tymeson	Upmeyer	Van Engelenhoven
Van Fossen, J.K.	Van Fossen, J.R.	Watts	Wendt
Whitaker	Whitead	Wilderdyke	Winckler
Wise	Mr. Speaker		
	Rants		

The nays were, none.

Absent or not voting, 2:

Hansen Smith

The bill having received a constitutional majority was declared to have passed the House and the title was agreed to.

[HOUSE FILE 695](#) WITHDRAWN

Huseman of Cherokee asked and received unanimous consent to withdraw [House File 695](#) from further consideration by the House.

INTRODUCTION OF BILLS

House Joint Resolution 12, by committee on ways and means, a joint resolution proposing an amendment to the Constitution of the State of Iowa relating to certain state tax rate changes.

Read first time and placed on the **ways and means calendar**.

House File 701, by committee on ways and means, a bill for an act relating to the individual income tax by reducing the tax rates and number of tax brackets and including a contingent effective and applicability date provision.

Read first time and placed on the **ways and means calendar**.

IMMEDIATE MESSAGE

Gipp of Winneshiek asked and received unanimous consent that **Senate File 452** be immediately messaged to the Senate.

On motion by Gipp of Winneshiek, the House was recessed at 12:09 p.m., until 12:30 p.m.

AFTERNOON SESSION

The House reconvened at 12:52 p.m., Speaker Rants in the chair.

QUORUM CALL

A non-record roll call was requested to determine that a quorum was present. The vote revealed fifty-seven members present, forty-three absent.

CONSIDERATION OF BILLS

Regular Calendar

House Joint Resolution 11, a joint resolution nullifying amendments to administrative rules of the environmental protection commission of the department of natural resources relating to ammonia and hydrogen sulfide ambient air regulations and providing an effective date, was taken up for consideration.

SENATE JOINT RESOLUTION 5 SUBSTITUTED FOR
HOUSE JOINT RESOLUTION 11

Greiner of Washington asked and received unanimous consent to substitute Senate Joint Resolution 5 for House Joint Resolution 11.

Senate Joint Resolution 5, a joint resolution nullifying amendments to administrative rules of the environmental protection commission of the department of natural resources relating to ammonia and hydrogen sulfide ambient air regulations and providing an effective date, was taken up for consideration.

Speaker pro tempore Carroll in the chair at 1:23 p.m.

Greiner of Washington moved that the joint resolution be read a last time now and placed upon its adoption which motion prevailed and the joint resolution was read a last time.

On the question "Shall the joint resolution be adopted and agreed to?" (S.J.R. 5)

The yeas were, 68:

Alons	Arnold	Baudler	Bell
Boal	Boddicker	Bogges	Chambers
Cohoon	Dandekar	De Boef	Dennis
Dix	Dolecheck	Drake	Eichhorn
Elgin	Ford	Freeman	Gipp
Granzow	Greiner	Hahn	Hansen
Hanson	Heaton	Hoffman	Horbach
Huseman	Huser	Hutter	Jacobs
Jenkins	Jones	Klemme	Kramer
Kurtenbach	Lalk	Lukan	Lykam
Maddox	Manternach	Mertz	Miller
Olson, S.	Paulsen	Quirk	Raecker
Rants, Spkr.	Rasmussen	Rayhons	Reasoner
Roberts	Sands	Schickel	Struyk
Thomas	Tjepkes	Tymeson	Upmeyer
Van Engelenhoven	Van Fossen, J.K.	Van Fossen, J.R.	Watts
Whitead	Wilderdyke	Wise	Carroll, Presiding

The nays were, 30:

Berry	Connors	Davitt	Fallon
Foegel	Frevert	Gaskill	Greimann

Heddens	Hogg	Hunter	Jochum
Kuhn	Lensing	Mascher	McCarthy
Murphy	Myers	Oldson	Olson, D.
Osterhaus	Petersen	Shultz	Smith
Stevens	Swaim	Taylor, D.	Taylor, T.
Whitaker	Winckler		

Absent or not voting, 2:

Bukta Wendt

The joint resolution having received a constitutional majority was declared to have been adopted and the title was agreed to by the House.

IMMEDIATE MESSAGE

Gipp of Winneshiek asked and received unanimous consent that [Senate Joint Resolution 5](#) be immediately messaged to the Senate.

Gipp of Winneshiek asked and received unanimous consent for the immediate consideration of [House File 697](#).

Ways and Means Calendar

[House File 697](#), a bill for an act relating to the administration of the tax and related laws by the department of revenue and finance, including administration of state individual income, sales, property, motor fuel, special fuel, cigarette, tobacco, inheritance taxes, and local hotel and motel taxes, and the premiums tax on mutual insurance associations, and including effective and retroactive applicability date provisions, was taken up for consideration.

Foege of Linn offered amendment [H-1564](#) filed by him from the floor as follows:

H-1564

- 1 Amend [House File 697](#) as follows:
- 2 1. Page 12, by inserting after line 20 the
- 3 following:
- 4 "Sec. NEW SECTION. 453A.38A TOBACCO PRODUCT
- 5 AND CIGARETTE SAMPLES - RESTRICTIONS -
- 6 ADMINISTRATION.
- 7 1. A manufacturer, distributor, wholesaler,
- 8 retailer, or distributing agent or agent thereof shall

9 not give away cigarettes or tobacco products at any
 10 time in connection with the manufacturer's,
 11 distributor's, wholesaler's, retailer's, or
 12 distributing agent's business or for promotion of the
 13 business or cigarettes or tobacco products, except as
 14 provided in subsection 2.
 15 2. All cigarette or little cigar samples shall be
 16 shipped to a distributor that has a permit to stamp
 17 cigarettes or little cigars with Iowa tax. The
 18 manufacturer shipping samples regulated under this
 19 section shall send an affidavit to the director
 20 stating the quantity and to whom the samples were
 21 shipped. The distributor receiving the shipment shall
 22 send an affidavit to the director stating the quantity
 23 and from whom the samples were shipped. These
 24 affidavits shall be duly notarized and submitted to
 25 the director at time of shipment and receipt of the
 26 samples. The distributor shall pay the tax on samples
 27 by separate remittance along with the affidavit."
 28 2. By renumbering as necessary.

Boal of Polk rose on a point of order that amendment [H-1564](#) was not germane.

The Speaker ruled the point not well taken and amendment [H-1564](#) germane.

On motion by Foege of Linn, amendment [H-1564](#) lost.

Boal of Polk moved that the bill be read a last time now and placed upon its passage which motion prevailed and the bill was read a last time.

On the question "Shall the bill pass?" ([H.F. 697](#))

The ayes were, 97:

Alons	Arnold	Baudler	Bell
Berry	Boal	Boddicker	Bogges
Chambers	Cohoon	Connors	Dandekar
Davitt	De Boef	Dennis	Dix
Dolecheck	Drake	Eichhorn	Elgin
Foege	Ford	Freeman	Frevert
Gaskill	Gipp	Granzow	Greimann
Greiner	Hahn	Hansen	Hanson
Heaton	Heddens	Hoffman	Hogg
Horbach	Hunter	Huseman	Huser
Hutter	Jacobs	Jenkins	Jones

Klemme	Kramer	Kuhn	Kurtenbach
Lalk	Lensing	Lukan	Lykam
Maddox	Manternach	Mascher	McCarthy
Mertz	Miller	Murphy	Myers
Oldson	Olson, D.	Olson, S.	Osterhaus
Paulsen	Petersen	Quirk	Raecker
Rants, Spkr.	Rasmussen	Rayhons	Reasoner
Roberts	Sands	Schickel	Shoultz
Smith	Stevens	Struyk	Swaim
Taylor, D.	Taylor, T.	Thomas	Tjepkes
Tymeson	Upmeyer	Van Engelenhoven	Van Fossen, J.K.
Van Fossen, J.R.	Watts	Wendt	Whitaker
Whitead	Wilderdyke	Winckler	Wise
Carroll, Presiding			

The nays were, 1:

Fallon

Absent or not voting, 2:

Bukta Jochum

The bill having received a constitutional majority was declared to have passed the House and the title was agreed to.

IMMEDIATE MESSAGE

Gipp of Winneshiek asked and received unanimous consent that [House File 697](#) be immediately messaged to the Senate.

The House stood at ease at 3:49 p.m., until the fall of the gavel.

The House resumed session at 5:18 p.m., Speaker Rants in the chair.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker: I am directed to inform your honorable body that the Senate has on April 30, 2003, amended and passed the following bill in which the concurrence of the House is asked:

[House File 543](#), a bill for an act relating to the provision of certain information for insureds regarding external review of health care coverage decisions.

Also: That the Senate has on April 30, 2003, passed the following bill in which the concurrence of the Senate was asked:

[House File 665](#), a bill for an act relating to property taxation of certain lands leased to others by the department of corrections or department of human services and providing for the Act's applicability.

Also: That the Senate has on April 30, 2003, passed the following bill in which the concurrence of the Senate was asked:

[House File 677](#), a bill for an act relating to new capital investment for businesses and new jobs by creating a new capital investment program, creating tax incentives, and amending the new jobs and income program.

Also: That the Senate has on April 30, 2003, amended and passed the following bill in which the concurrence of the House is asked:

[House File 679](#), a bill for an act relating to economic development by modifying the new jobs and income program and the enterprise zone program and providing a tax credit, and providing effective and retroactive applicability dates.

Also: That the Senate has on April 30, 2003, refused to concur in the House amendment to the Senate amendment to the following bill in which the concurrence of the Senate was asked:

[House File 685](#), a bill for an act relating to and making appropriations from the healthy Iowans tobacco trust and the tobacco settlement trust fund.

Also: That the Senate has on April 30, 2003, passed the following bill in which the concurrence of the House is asked:

[Senate File 459](#), a bill for an act relating to Iowa agricultural industry finance corporations, by providing for the assignment of an Iowa agricultural industry finance loan, and providing an effective date.

MICHAEL E. MARSHALL, Secretary

Regular Calendar

[House File 683](#), a bill for an act relating to economic development by creating an Iowa values board and Iowa values fund, modifying the value-added agricultural products and processes financial assistance program, providing endow Iowa seed grants and endow Iowa tax credits, providing funding and tax credits for economic development regions, creating workforce training and economic development funds for community colleges, establishing a school financing program for school infrastructure purposes, creating a cultural and entertainment district certification program, increasing the availability of rehabilitation project tax credits, eliminating a

small business advisory council, making appropriations, and including effective date and retroactive applicability provisions, was taken up for consideration.

Hoffman of Crawford offered the following amendment [H-1558](#) filed by him from the floor and moved its adoption:

H-1558

1 Amend [House File 683](#) as follows:
2 1. Page 1, by striking line 2 and inserting the
3 following: "IOWA VALUES BOARD AND FUND – BONDING
4 AUTHORITY
5 Section 1. Section 8.57, subsection 5, paragraph
6 e, Code 2003, is amended to read as follows:
7 e. Notwithstanding provisions to the contrary in
8 sections 99D.17 and 99F.11, for the fiscal year period
9 beginning July 1, 2000, and for each fiscal year
10 thereafter, 2003, and ending June 30, 2005, not more
11 than a total of sixty million dollars shall be
12 deposited in the general fund of the state in any
13 fiscal year pursuant to sections 99D.17 and 99F.11;
14 for the fiscal period beginning July 1, 2005, and
15 ending June 30, 2030, not more than a total of sixty
16 million dollars of the moneys directed to be deposited
17 in the general fund of the state in a fiscal year
18 pursuant to sections 99D.17 and 99F.11 shall be
19 deposited in the Iowa values fund created in section
20 15G.105 in any fiscal year; and for the fiscal year
21 beginning July 1, 2030, and for each fiscal year
22 thereafter, not more than a total of sixty million
23 dollars shall be deposited in the general fund of the
24 state in any fiscal year pursuant to sections 99D.17
25 and 99F.11. The next fifteen million dollars of the
26 moneys directed to be deposited in the general fund of
27 the state in a fiscal year pursuant to sections 99D.17
28 and 99F.11 shall be deposited in the vision Iowa fund
29 created in section 12.72 for the fiscal year beginning
30 July 1, 2000, and for each fiscal year through the
31 fiscal year beginning July 1, 2019. The next five
32 million dollars of the moneys directed to be deposited
33 in the general fund of the state in a fiscal year
34 pursuant to sections 99D.17 and 99F.11 shall be
35 deposited in the school infrastructure fund created in
36 section 12.82 for the fiscal year beginning July 1,
37 2000, and for each fiscal year thereafter until the
38 principal and interest on all bonds issued by the
39 treasurer of state pursuant to section 12.81 are paid,
40 as determined by the treasurer of state. The total
41 moneys in excess of the moneys deposited in the

42 general fund of the state, the Iowa values fund, the
43 vision Iowa fund, and the school infrastructure fund
44 in a fiscal year shall be deposited in the rebuild
45 Iowa infrastructure fund and shall be used as provided
46 in this section, notwithstanding section 8.60.
47 If the total amount of moneys directed to be
48 deposited in the general fund of the state under
49 sections 99D.17 and 99F.11 in a fiscal year is less
50 than the total amount of moneys directed to be

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1 deposited in the Iowa values fund, the vision Iowa
2 fund, and the school infrastructure fund in the fiscal
3 year pursuant to this paragraph "e", the difference
4 shall be paid from lottery revenues in the manner
5 provided in section 99E.10, subsection 3.
6 Sec. NEW SECTION. 12.91 GENERAL AND
7 SPECIFIC BONDING POWERS - IOWA VALUES PROGRAM.
8 1. The treasurer of state may issue bonds for the
9 purpose of funding the Iowa values fund created in
10 section 15G.105. The treasurer of state shall have
11 all of the powers which are necessary to issue and
12 secure bonds and carry out the purposes of the fund.
13 The treasurer of state may issue bonds in principal
14 amounts which are necessary to provide sufficient
15 funds for the Iowa values fund, the payment of
16 interest on the bonds, the establishment of reserves
17 to secure the bonds, the costs of issuance of the
18 bonds, other expenditures of the treasurer of state
19 incident to and necessary or convenient to carry out
20 the bond issue for the fund, and all other
21 expenditures of the board necessary or convenient to
22 administer the fund. The bonds are investment
23 securities and negotiable instruments within the
24 meaning of and for purposes of the uniform commercial
25 code.
26 2. Bonds issued under this section are payable
27 solely and only out of the moneys, assets, or revenues
28 of the Iowa values fund and any bond reserve funds
29 established pursuant to section 12.92, all of which
30 may be deposited with trustees or depositories in
31 accordance with bond or security documents and pledged
32 to the payment thereof. Bonds issued under this
33 section shall contain on their face a statement that
34 the bonds do not constitute an indebtedness of the
35 state. The treasurer of state shall not pledge the
36 credit or taxing power of this state or any political
37 subdivision of the state or make bonds issued pursuant
38 to this section payable out of any moneys except those
39 in the Iowa values fund.
40 3. The proceeds of bonds issued by the treasurer

41 of state and not required for immediate disbursement
42 may be deposited with a trustee or depository as
43 provided in the bond documents and invested or
44 reinvested in any investment as directed by the
45 treasurer of state and specified in the trust
46 indenture, resolution, or other instrument pursuant to
47 which the bonds are issued without regard to any
48 limitation otherwise provided by law.
49 4. The bonds shall be:
50 a. In a form, issued in denominations, executed in

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1 a manner, and payable over terms and with rights of
2 redemption, and be subject to the terms, conditions,
3 and covenants providing for the payment of the
4 principal of, redemption premiums, if any, interest
5 which may be fixed or variable during any period the
6 bonds are outstanding, and such other terms and
7 conditions as prescribed in the trust indenture,
8 resolution, or other instrument authorizing their
9 issuance.
10 b. Negotiable instruments under the laws of the
11 state and may be sold at prices, at public or private
12 sale, and in a manner, as prescribed by the treasurer
13 of state. Chapters 73A, 74, 74A, and 75 do not apply
14 to the sale or issuance of the bonds.
15 c. Subject to the terms, conditions, and covenants
16 providing for the payment of the principal, redemption
17 premiums, if any, interest, and other terms,
18 conditions, covenants, and protective provisions
19 safeguarding payment, not inconsistent with this
20 section and as determined by the trust indenture,
21 resolution, or other instrument authorizing their
22 issuance.
23 5. The bonds are securities in which public
24 officers and bodies of this state, political
25 subdivisions of this state, insurance companies and
26 associations and other persons carrying on an
27 insurance business, banks, trust companies, savings
28 associations, savings and loan associations, and
29 investment companies; administrators, guardians,
30 executors, trustees, and other fiduciaries; and other
31 persons authorized to invest in bonds or other
32 obligations of the state, may properly and legally
33 invest funds, including capital, in their control or
34 belonging to them.
35 6. Bonds must be authorized by a trust indenture,
36 resolution, or other instrument of the treasurer of
37 state.
38 7. Neither the resolution, trust indenture, nor
39 any other instrument by which a pledge is created

40 needs to be recorded or filed under the Iowa uniform
41 commercial code to be valid, binding, or effective.
42 8. Bonds issued under the provisions of this
43 section are declared to be issued for a general public
44 and governmental purpose and all bonds issued under
45 this section shall be exempt from taxation by the
46 state of Iowa and the interest on the b3(-)(7(s th)9(all br)TJ12.9021 -1.203 TD0.0005 Tc-0.2001 Tw746 e ex)8.4(em.m)40-

39 letters of credit, and interest rate agreements.
40 12. For purposes of this section and sections
41 12.92 through 12.95, the term "bonds" means bonds,
42 notes, and other obligations and financing
43 arrangements issued or entered into by the treasurer
44 of state and the term "interest rate agreement" means
45 an interest rate swap or exchange agreement, an
46 agreement establishing an interest rate floor or
47 ceiling or both, or any similar agreement. Any such
48 agreement may include the option to enter into or
49 cancel the agreement or to reverse or extend the
50 agreement.

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1 Sec. NEW SECTION. 12.92 IOWA VALUES FUND
2 ACCOUNTS AND RESERVE FUNDS.
3 1. The treasurer of state shall establish such
4 accounts within the Iowa values fund created in
5 section 15G.105 as may be appropriate, including debt
6 service accounts for the purpose of paying the
7 principal of, redemption premium, if any, and interest
8 on bonds payable therefrom. Moneys in the debt
9 service accounts shall not be subject to appropriation
10 for any other purpose by the general assembly, but
11 shall be used only for the purposes of paying the
12 principal of, redemption premium, if any, and interest
13 on the bonds payable therefrom.
14 2. Revenue for the Iowa values fund shall include,
15 but is not limited to, the following, which shall be
16 deposited with the treasurer of state or its designee
17 as provided by any bond or security documents and
18 credited to the debt service account:
19 a. The proceeds of bonds issued to capitalize and
20 pay the costs of the fund and investment earnings on
21 the proceeds.
22 b. Interest attributable to investment of moneys
23 in the fund or an account of the fund.
24 c. Moneys in the form of a devise, gift, bequest,
25 donation, federal or other grant, reimbursement,
26 repayment, judgment, transfer, payment, or
27 appropriation from any source intended to be used for
28 the purposes of the fund or account.
29 3. a. The treasurer of state may create and
30 establish one or more special funds, to be known as
31 "bond reserve funds", to secure one or more issues of
32 bonds issued pursuant to section 12.91. The treasurer
33 of state shall pay into each bond reserve fund any
34 moneys appropriated and made available by the state or
35 treasurer of state for the purpose of the fund, any
36 proceeds of sale of bonds to the extent provided in
37 the resolutions or trust indentures authorizing their

38 issuance, and any other moneys which may be available
39 to the treasurer of state for the purpose of the fund
40 from any other sources. All moneys held in a bond
41 reserve fund, except as otherwise provided in this
42 chapter, shall be used as required solely for the
43 payment of the principal of bonds secured in whole or
44 in part by the fund or of the sinking fund payments
45 with respect to the bonds, the purchase or redemption
46 of the bonds, the payment of interest on the bonds, or
47 the payments of any redemption premium required to be
48 paid when the bonds are redeemed prior to maturity.
49 b. Moneys in a bond reserve fund shall not be
50 withdrawn from it at any time in an amount that will

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1 reduce the amount of the fund to less than the bond
2 reserve fund requirement established for the fund, as
3 provided in this subsection, except for the purpose of
4 making, with respect to bonds secured in whole or in
5 part by the fund, payment when due of principal,
6 interest, redemption premiums, and the sinking fund
7 payments with respect to the bonds for the payment of
8 which other moneys of the treasurer of state are not
9 available.

10 Any income or interest earned by, or incremental
11 to, a bond reserve fund due to the investment of it
12 may be transferred by the treasurer of state to other
13 funds or accounts to the extent the transfer does not
14 reduce the amount of that bond reserve fund below the
15 bond reserve fund requirement for it.

16 c. The treasurer of state shall not at any time
17 issue bonds, secured in whole or in part by a bond
18 reserve fund, if, upon the issuance of the bonds, the
19 amount in the bond reserve fund will be less than the
20 bond reserve fund requirement for the fund, unless the
21 treasurer of state at the time of issuance of the
22 bonds deposits in the fund from the proceeds of the
23 bonds issued or from other sources an amount which,
24 together with the amount then in the fund, will not be
25 less than the bond reserve fund requirement for the
26 fund. For the purposes of this subsection, the term
27 "bond reserve fund requirement" means, as of any
28 particular date of computation, an amount of money, as
29 provided in the resolutions or trust indentures
30 authorizing the bonds with respect to which the fund
31 is established.

32 d. To assure the continued solvency of any bonds
33 secured by the bond reserve fund, provision is made in
34 paragraph "a" for the accumulation in each bond
35 reserve fund of an amount equal to the bond reserve
36 requirement for the fund. In order to further assure

37 maintenance of the bond reserve funds, the treasurer
38 of state shall, on or before January 1 of each
39 calendar year, make and deliver to the governor the
40 treasurer of state's certificate stating the sum, if
41 any, required to restore each bond reserve fund to the
42 bond reserve fund requirement for that fund. Within
43 thirty days after the beginning of the session of the
44 general assembly next following the delivery of the
45 certificate, the governor shall submit to both houses
46 printed copies of a budget including the sum, if any,
47 required to restore each bond reserve fund to the bond
48 reserve fund requirement for that fund. Any sums
49 appropriated by the general assembly and paid to the
50 treasurer of state pursuant to this subsection shall

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1 be deposited by the treasurer of state in the
2 applicable bond reserve fund.

3 Sec. NEW SECTION. 12.93 PLEDGES.

4 1. It is the intention of the general assembly
5 that a pledge made in respect of bonds shall be valid
6 and binding from the time the pledge is made, that the
7 moneys or property so pledged and received after the
8 pledge by the treasurer of state shall immediately be
9 subject to the lien of the pledge without physical
10 delivery or further act, and that the lien of the
11 pledge shall be valid and binding as against all
12 parties having claims of any kind in tort, contract,
13 or otherwise against the treasurer of state whether or
14 not the parties have notice of the lien.

15 2. The moneys set aside in a fund or funds pledged
16 for any series or issue of bonds shall be held for the
17 sole benefit of the series or issue separate and apart
18 from moneys pledged for another series or issue of
19 bonds of the treasurer of state. Bonds may be issued
20 in series under one or more resolutions or trust
21 indentures and may be fully open-ended, thus providing
22 for the unlimited issuance of additional series, or
23 partially open-ended, limited as to additional series.

24 Sec. NEW SECTION. 12.94 LIMITATIONS.

25 Bonds issued pursuant to section 12.91 are not
26 debts of the state, or of any political subdivision of
27 the state, and do not constitute a pledge of the faith
28 and credit of the state or a charge against the
29 general credit or general fund of the state. The
30 issuance of any bonds pursuant to section 12.91 by the
31 treasurer of state does not directly, indirectly, or
32 contingently obligate the state or a political
33 subdivision of the state to apply moneys, or to levy
34 or pledge any form of taxation whatever, to the
35 payment of the bonds. Bonds issued under section

36 12.91 are payable solely and only from the sources and
37 special fund and accounts provided in section 12.92.
38 Sec. NEW SECTION. 12.95 CONSTRUCTION.
39 Sections 12.91 through 12.94, being necessary for
40 the welfare of this state and its inhabitants, shall
41 be liberally construed to effect its purposes."
42 2. Page 5, by striking lines 9 through 13 and
43 inserting the following:
44 "An Iowa values fund is created and established as
45 a separate and distinct fund in the state treasury.
46 Moneys in the fund shall not be subject to
47 appropriation for any other purposes by the general
48 assembly, other than as provided in this Act, but
49 shall be used only for the purposes of the Iowa values
50 fund. The treasurer of state shall act as custodian

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1 of the fund and disburse moneys contained in the fund
2 as directed by the Iowa values board, including
3 automatic disbursements of funds received pursuant to
4 the terms of bond indentures and documents and
5 security provisions to trustees. The fund shall be
6 administered by the Iowa values board, which shall
7 make expenditures from the fund consistent with the
8 purposes of this Act without further appropriation.
9 Payments of interest, repayments of".
10 3. Title page, line 2, by inserting after the
11 word "fund," the following: "providing for the
12 issuance of tax-exempt bonds,".
13 4. By renumbering as necessary.

Amendment [H-1558](#) was adopted.

Fallon of Polk offered the following amendment [H-1416](#) filed by
him and moved its adoption:

H-1416

1 Amend [House File 683](#) as follows:
2 1. Page 1, line 21, by striking the word
3 "seventeen", and inserting the following: "eighteen".
4 2. Page 2, by inserting after line 35 the
5 following:
6 "ll. One individual representing an environmental
7 interest, appointed by the governor."
8 3. Page 3, line 16, by striking the letter "l",
9 and inserting the following: "ll".
10 4. Page 3, line 21, by striking the letter "l",
11 and inserting the following: "ll".

- 12 5. Page 3, line 23, by striking the letter "l",
13 and inserting the following: "ll".
14 6. By renumbering as necessary.

Amendment [H-1416](#) lost.

Watts of Dallas offered the following amendment [H-1490](#) filed by
Watts, et al., and moved its adoption:

H-1490

- 1 Amend [House File 683](#) as follows:
2 1. Page 1, line 21, by striking the word
3 "seventeen" and inserting the following: "five".
4 2. By striking page 2, line 6, through page 3,
5 line 4.
6 3. Page 3, by inserting after line 13 the
7 following:
8 "_. One individual from the business community
9 appointed by the governor."
10 4. Page 3, by striking lines 14 through 21.
11 5. Page 3, lines 22 and 23, by striking the words
12 and figure "listed in subsection 3, paragraphs "a"
13 through "l",".
14 6. By striking page 3, line 32, through page 4,
15 line 1.
16 7. By renumbering, redesignating, and correcting
17 internal references as necessary.

Amendment [H-1490](#) lost.

Hoffman of Crawford asked and received unanimous consent that
amendment [H-1518](#) be deferred.

Roberts of Carroll in the chair at 5:56 p.m.

Fallon of Polk offered the following amendment [H-1432](#) filed by
him from the floor and moved its adoption:

H-1432

- 1 Amend [House File 683](#) as follows:
2 1. Page 2, by striking lines 2 and 3 and
3 inserting the following: "representatives from their
4 respective parties."

Amendment [H-1432](#) lost.

Fallon of Polk offered the following amendment [H-1429](#) filed by him and moved its adoption:

H-1429

- 1 Amend [House File 683](#) as follows:
- 2 1. Page 4, line 13, by striking the word
- 3 "Develop", and inserting the following: "In
- 4 consultation with all other state agencies, develop".
- 5 2. Page 4, line 17, by striking the word
- 6 "Develop", and inserting the following: "In
- 7 consultation with all other state agencies, develop".

Amendment [H-1429](#) lost.

Fallon of Polk asked and received unanimous consent to withdraw amendment [H-1430](#) filed by him on April 23, 2003.

Fallon of Polk asked and received unanimous consent to withdraw amendment [H-1431](#) filed by him on April 23, 2003.

Fallon of Polk offered the following amendment [H-1428](#) filed by him and moved its adoption:

H-1428

- 1 Amend [House File 683](#) as follows:
- 2 1. Page 4, by inserting after line 33 the
- 3 following:
- 4 "f. An assessment of quality of life issues
- 5 including issues related to education, environmental
- 6 protection, community design, tax policy, and
- 7 recreation. The assessment shall include how the
- 8 quality of life issues can be integrated into the
- 9 board's primary focus of economic development."

Speaker Rants in the chair at 6:13 p.m.

Amendment [H-1428](#) lost.

Fallon of Polk offered the following amendment [H-1424](#) filed by him and moved its adoption:

H-1424

- 1 Amend [House File 683](#) as follows:
- 2 1. Page 5, by inserting after line 18 the

3 following:

4 "Sec. ___. NEW SECTION. 15G.221 LOCAL MATCHING
5 MONEYS – SPECIAL ELECTIONS.

6 1. a. A board of supervisors or city council
7 required to expend local matching moneys in return for
8 receiving moneys originating from the Iowa values fund
9 shall cause a notice of the proposed expenditure,
10 including a statement of the amount and purpose for
11 the expenditure, and the right to petition for an
12 election, to be published as provided in subsection 2
13 at least ten days prior to the meeting at which it is
14 proposed to take action for the approval of the
15 expenditure.

16 b. If at any time before the date fixed for taking
17 action to approve the expenditure of local matching
18 moneys, a petition is filed with the county
19 commissioner of elections in the manner provided by
20 subsection 3 asking that the question of expending
21 local matching moneys be submitted to the registered
22 voters of the county or city, the board of supervisors
23 or the city council shall either by resolution declare
24 the proposal to expend local matching moneys to have
25 been abandoned or shall direct the county commissioner
26 of elections to call a special election upon the
27 question of the expenditure of local matching moneys.
28 Notice of the election and its conduct shall be in the
29 manner provided in subsections 4 and 5.

30 c. If no petition is filed, or if a petition is
31 filed and the proposition of expending local matching
32 moneys is approved at an election, the board of
33 supervisors or the city council may proceed with the
34 approval of the expenditure of local matching moneys.

35 2. Unless otherwise provided by state law, when
36 notice is required by this section, the board of
37 supervisors or the city council shall publish the
38 notice at least once in one or more newspapers which
39 meet the requirements of section 618.14.

40 3. a. If a petition of the voters is authorized
41 by this section, the petition is valid if signed by
42 eligible electors of the county or city, as
43 applicable, equal in number to at least ten percent of
44 the votes cast in the county or city, as applicable,
45 for the office of president of the United States or

46 governor at the preceding general election, unless
47 otherwise provided by state law. The petition shall
48 include the signatures of the petitioners, a statement
49 of their place of residence, and the date on which
50 they signed the petition.

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1 b. A petition shall be examined before it is
2 accepted for filing. If it appears valid on its face
3 it shall be accepted for filing. If it lacks the
4 required number of signatures it shall be returned to
5 the petitioners.
6 c. Petitions which have been accepted for filing
7 are valid unless written objections are filed.
8 Objections must be filed with the county commissioner
9 of elections within five working days after the
10 petition was filed. The objection process in section
11 44.7 shall be followed for objections filed pursuant
12 to this section.
13 4. At the election the proposition shall be
14 submitted in the following form:
15 Shall the county (or city) of
16, state of Iowa, be authorized
17 to expend not more than \$..... of local matching
18 moneys for (state purpose of
19 project)?
20 5. Notice of the election shall be given by
21 publication as specified in subsection 2. At the
22 election, the ballot used for the submission of the
23 proposition shall be in substantially the form for
24 submitting special questions at general elections.
25 For a proposition to be carried or adopted, a majority
26 of the total votes cast for and against the
27 proposition at the election is required. If the
28 proposition is approved by the voters, the board of
29 supervisors or the city council may proceed with the
30 approval of the expenditure of local matching moneys."
31 2. By renumbering as necessary.

Amendment [H-1424](#) lost.

Fallon of Polk asked and received unanimous consent to withdraw amendment [H-1468](#) filed by him on April 24, 2003.

Speaker pro tempore Carroll in the chair at 6:23 p.m.

Winckler of Scott offered the following amendment [H-1550](#) filed by her and Kuhn of Floyd from the floor and moved its adoption:

H-1550

1 Amend [House File 683](#) as follows:
2 1. Page 5, by inserting after line 18 the
3 following:

4 "Sec. ____ NEW SECTION. 15G.106 AGREEMENTS –
5 REPORTS.

6 1. An entity receiving moneys originating from the
7 Iowa values fund, including, but not limited to,
8 moneys appropriated from the fund to the department of
9 economic development and the office of the treasurer
10 of state, shall enter into an agreement with the board
11 specifying the requirements that must be met to
12 confirm eligibility to receive such moneys. The
13 agreement shall contain a provision requiring the
14 repayment of all or a portion of the moneys received
15 if requirements of the agreement, a mechanism for
16 determining whether the requirements have not been
17 met, and a method for determining the repayment
18 amount. The agreement shall contain the current
19 number of jobs and the wage levels at the business of
20 the entity at the time of receiving moneys, the
21 projected number of jobs created and the wages for the
22 new jobs as a result of receiving the moneys, and the
23 projected timeline for meeting the job creation and
24 wage level objectives. The projected timeline for job
25 creation and wage level objectives shall be considered
26 a requirement of the agreement and the failure to meet
27 the projected timeline shall cause the repayment
28 provisions of the agreement to be enforced. The
29 agreement shall require the entity receiving moneys,
30 for the length of the agreement, to certify annually
31 to the board the compliance of the entity with the
32 requirements of the agreement, including the timeline
33 projections. The compliance certifications shall also
34 include projected revenue to the state caused by the
35 investment of moneys received from the fund, the type
36 of business organization under which the entity is
37 organized, and, when possible, the race and gender of
38 the ownership of the entity.
39 2. By January 15 of each year, the board shall
40 submit a written report to the general assembly
41 relating to the information gathered pursuant to
42 subsection 1 during the previous calendar year. The
43 information shall include, but not be limited to,
44 moneys awarded, jobs created, wage levels of new jobs,
45 projected revenue to the state as a result of the
46 moneys awarded, whether compliance issues have arisen,
47 and how the compliance issues were resolved."
48 2. By renumbering as necessary.

Amendment [H-1550](#) lost.

Watts of Dallas offered the following amendment [H-1489](#) filed by
Watts, et al., and moved its adoption:

H-1489

1 Amend [House File 683](#) as follows:

2 1. Page 5, line 27, by striking the figure
3 "95,000,000", and inserting the following:
4 "50,000,000".

5 2. Page 5, line 28, by striking the figure
6 "70,000,000", and inserting the following:
7 "50,000,000".

8 3. Page 5, line 29, by striking the figure
9 "65,000,000", and inserting the following:
10 "50,000,000".

11 4. Page 5, line 30, by striking the figure
12 "65,000,000", and inserting the following:
13 "50,000,000".

14 5. Page 5, line 31, by striking the figure
15 "55,000,000", and inserting the following:
16 "50,000,000".

17 6. By striking page 6, line 34, through page 11,
18 line 26.

19 7. By striking page 13, line 32, through page 23,
20 line 17.

21 8. Page 25, line 25, by striking the word "Ten",
22 and inserting the following: "Five".

23 9. Page 25, line 27, by striking the word
24 "Fifteen", and inserting the following: "Ten".

25 10. Page 25, line 29, by striking the word
26 "Twenty", and inserting the following: "Fifteen".

27 11. Page 25, line 31, by striking the word
28 "Twenty-five", and inserting the following: "Twenty".

29 12. By striking page 26, line 35, through page
30 40, line 35.

31 13. Title page, by striking lines 4 through 11
32 and inserting the following: "program, creating
33 workforce training and economic development funds for
34 community colleges,".

35 14. By renumbering as necessary.

A non-record roll call was requested.

The ayes were 16, nays 49.

Amendment [H-1489](#) lost.

Speaker Rants in the chair at 6:51 p.m.

Fallon of Polk offered the following amendment [H-1411](#) filed by him and moved its adoption:

H-1411

1 Amend [House File 683](#) as follows:
2 1. Page 6, line 23, by inserting after the word
3 "purposes." the following: "Of the moneys allocated
4 under this subsection, at least \$5,000,000 shall be
5 used to provide financial assistance to producers of
6 food products consumed directly in the state. The
7 financial assistance shall take the form of start-up
8 assistance and assistance in establishing markets."

A non-record roll call was requested.

The ayes were 18, nays 51.

Amendment [H-1411](#) lost.

Kramer of Polk in the chair at 6:59 p.m.

Fallon of Polk offered the following amendment [H-1412](#) filed by him and moved its adoption:

H-1412

1 Amend [House File 683](#) as follows:
2 1. Page 6, by inserting after line 33 the
3 following:
4 "8. Notwithstanding any wage threshold provisions
5 in programs administered by the department, a business
6 receiving moneys appropriated under this section shall
7 agree to provide an average wage to new and existing
8 full-time employees of at least fifteen dollars per
9 hour."
10 2. Page 11, by inserting after line 26 the
11 following:
12 "4. A business receiving moneys appropriated under
13 this section shall agree to provide an average wage to
14 new and existing full-time employees of at least
15 fifteen dollars per hour."

Amendment [H-1412](#) lost.

Fallon of Polk asked and received unanimous consent to withdraw amendment [H-1425](#) filed by him on April 23, 2003.

Fallon of Polk offered the following amendment [H-1413](#) filed by him and moved its adoption:

H-1413

- 1 Amend [House File 683](#) as follows:
- 2 1. Page 7, line 18, by inserting after the figure
- 3 "303.3B" the following: "and for financial assistance
- 4 to transit authorities for purposes of integrating the
- 5 use of bicycles and mass transit".

Amendment [H-1413](#) lost.

Fallon of Polk offered the following amendment [H-1414](#) filed by him and moved its adoption:

H-1414

- 1 Amend [House File 683](#) as follows:
- 2 1. Page 8, by striking lines 18 through 26 and
- 3 inserting the following:
- 4 "For purposes of reducing tuition costs at the
- 5 institutions of higher learning under the control of
- 6 the state board of regents:"
- 7 2. By striking page 8, line 32, through page 9,
- 8 line 8.

Speaker Rants in the chair at 7:12 p.m.

Amendment [H-1414](#) lost.

Fallon of Polk offered the following amendment [H-1417](#) filed by him and moved its adoption:

H-1417

- 1 Amend [House File 683](#) as follows:
- 2 1. Page 10, line 4, by striking the words "Iowa
- 3 values board" and inserting the following:
- 4 "department of natural resources".
- 5 2. Page 10, by striking lines 15 through 23.

Amendment [H-1417](#) lost.

Fallon of Polk asked and received unanimous consent to withdraw amendment [H-1415](#) filed by him on April 23, 2003.

Fallon of Polk asked and received unanimous consent to withdraw amendment [H-1418](#) filed by him on April 23, 2003.

Watts of Dallas offered the following amendment [H-1491](#) filed by Watts, et al., and moved its adoption:

H-1491

- 1 Amend [House File 683](#) as follows:
- 2 1. Page 12, lines 32 and 33, by striking the
- 3 words "or in the productions of wind energy".

A non-record roll call was requested.

The ayes were 11, nays 43.

Amendment [H-1491](#) lost.

Fallon of Polk offered the following amendment [H-1419](#) filed by him and moved its adoption:

H-1419

- 1 Amend [House File 683](#) as follows:
- 2 1. Page 13, line 9, by striking the word "twenty-
- 3 five" and inserting the following: "~~twenty five~~
- 4 five".

Amendment [H-1419](#) lost.

Fallon of Polk offered the following amendment [H-1420](#) filed by him and moved its adoption:

H-1420

- 1 Amend [House File 683](#) as follows:
- 2 1. Page 13, lines 13 and 14, by striking the
- 3 words "~~shall may~~" and inserting the following:
- 4 "shall".
- 5 2. Page 13, lines 15 and 16, by striking the
- 6 words "~~one five~~" and inserting the following: "one".

Amendment [H-1420](#) lost.

Fallon of Polk asked and received unanimous consent to withdraw amendment [H-1421](#) filed by him on April 23, 2003.

Shoultz of Black Hawk asked and received unanimous consent to withdraw amendment [H-1516](#) filed by him on April 29, 2003.

Fallon of Polk offered the following amendment [H-1423](#) filed by him and moved its adoption:

H-1423

- 1 Amend [House File 683](#) as follows:
- 2 1. By striking page 24, line 11, through page 25,
- 3 line 18, and inserting the following: "a fiscal year
- 4 shall be expended for purposes of reducing tuition
- 5 costs."
- 6 2. Page 26, by striking lines 7 through 34.
- 7 3. By renumbering as necessary.

Amendment [H-1423](#) lost.

Fallon of Polk asked and received unanimous consent to withdraw amendment [H-1422](#) filed by him on April 23, 2003.

Fallon of Polk offered the following amendment [H-1426](#) filed by him and moved its adoption:

H-1426

- 1 Amend [House File 683](#) as follows:
- 2 1. Page 39, lines 32 and 33, by striking the
- 3 words ", in consultation with the department of
- 4 economic development".

Amendment [H-1426](#) lost.

Fallon of Polk offered the following amendment [H-1427](#) filed by him and moved its adoption:

H-1427

- 1 Amend [House File 683](#) as follows:
- 2 1. Page 39, by striking line 35 and inserting the
- 3 following: "exceeding one square mile in size. A

4 cultural and entertainment district shall include
5 historic areas of the city or county which include
6 property defined in section 404A.1, subsection 2. In
7 considering certification of a district, the
8 department of cultural affairs shall consider whether
9 any of the following planning principles have been
10 taken into consideration:
11 a. Efficient and effective use of land resources
12 and existing infrastructure by encouraging development
13 in areas with existing infrastructure or capacity to
14 avoid costly duplication of services and costly use of
15 land.
16 b. Provision for a variety of transportation
17 choices, including pedestrian traffic.
18 c. Maintenance of a unique sense of place by
19 respecting local cultural and natural environmental
20 features.
21 d. Conservation of open space and farmland and
22 preservation of critical environmental areas.
23 e. Promotion of the safety, livability, and
24 revitalization of existing urban and rural
25 communities.
26 2A. A cultural and".
27 2. By renumbering as necessary.

A non-record roll call was requested.

The ayes were 10, nays 38.

Amendment [H-1427](#) lost.

Fallon of Polk asked and received unanimous consent to withdraw amendment [H-1433](#) filed by him on April 23, 2003.

Jenkins of Black Hawk offered amendment [H-1517](#) filed by him as follows:

H-1517

1 Amend [House File 683](#) as follows:
2 1. Page 40, by inserting after line 35 the
3 following:
4 "DIVISION
5 STREAMLINED SALES AND USE TAXES
6 SUBCHAPTER I
7 DEFINITIONS
8 Sec. __. NEW SECTION. 423.1 DEFINITIONS.
9 As used in this chapter the following words, terms,
10 and phrases have the meanings ascribed to them by this

11 section, except where the context clearly indicates
12 that a different meaning is intended:

13 1. "Agent" means a person appointed by a seller to
14 represent the seller before the member states.

15 2. "Agreement" means the streamlined sales and use
16 tax agreement authorized by subchapter IV of this
17 chapter to provide a mechanism for establishing and
18 maintaining a cooperative, simplified system for the
19 application and administration of sales and use taxes.

20 3. "Agricultural production" includes the
21 production of flowering, ornamental, or vegetable
22 plants in commercial greenhouses or otherwise, and
23 production from aquaculture. "Agricultural products"
24 includes flowering, ornamental, or vegetable plants
25 and those products of aquaculture.

26 4. "Business" includes any activity engaged in by
27 any person or caused to be engaged in by the person
28 with the object of gain, benefit, or advantage, either
29 direct or indirect.

30 5. "Certificate of title" means a certificate of
31 title issued for a vehicle or for manufactured housing
32 under chapter 321.

33 6. "Certified automated system" means software
34 certified under the agreement to calculate the tax
35 imposed by each jurisdiction on a transaction,
36 determine the amount of tax to remit to the
37 appropriate state, and maintain a record of the
38 transaction.

39 7. "Certified service provider" means an agent
40 certified under the agreement to perform all of a
41 seller's sales or use tax functions, other than the
42 seller's obligation to remit tax on its own purchases.

43 8. "Computer" means an electronic device that
44 accepts information in digital or similar form and
45 manipulates the information for a result based on a
46 sequence of instructions.

47 9. "Computer software" means a set of coded
48 instructions designed to cause a computer or automatic
49 data processing equipment to perform a task.

50 10. "Delivered electronically" means delivered to

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1 the purchaser by means other than tangible storage
2 media.

3 11. "Delivery charges" means charges assessed by a
4 seller of personal property or services for
5 preparation and delivery to a location designated by
6 the purchaser of personal property or services
7 including, but not limited to, transportation,
8 shipping, postage, handling, crating, and packing
9 charges.

10 12. "Department" means the department of revenue
11 and finance.
12 13. "Direct mail" means printed material delivered
13 or distributed by United States mail or other delivery
14 service to a mass audience or to addressees on a
15 mailing list provided by the purchaser or at the
16 direction of the purchaser when the cost of the items
17 is not billed directly to the recipients. "Direct
18 mail" includes tangible personal property supplied
19 directly or indirectly by the purchaser to the direct
20 mail seller for inclusion in the package containing
21 the printed material. "Direct mail" does not include
22 multiple items of printed material delivered to a
23 single address.
24 14. "Director" means the director of revenue and
25 finance.
26 15. "Electronic" means relating to technology
27 having electrical, digital, magnetic, wireless,
28 optical, electromagnetic, or similar capabilities.
29 16. "Farm deer" means the same as defined in
30 section 189A.2.
31 17. "Farm machinery and equipment" means machinery
32 and equipment used in agricultural production.
33 18. "First use of a service". A "first use of a
34 service" occurs, for the purposes of this chapter,
35 when a service is rendered, furnished, or performed in
36 Iowa or if rendered, furnished, or performed outside
37 of Iowa, when the product or result of the service is
38 used in Iowa.
39 19. "Goods, wares, or merchandise" means the same
40 as tangible personal property.
41 20. "Governing board" means the group comprised of
42 representatives of the member states of the agreement
43 which is created by the agreement to be responsible
44 for the agreement's administration and operation.
45 21. "Installed purchase price" is the amount
46 charged, valued in money whether paid in money or
47 otherwise, by a building contractor to convert
48 manufactured housing from tangible personal property
49 into realty. "Installed purchase price" includes, but
50 is not limited to, amounts charged for installing a

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1 foundation and electrical and plumbing hookups.
2 "Installed purchase price" excludes any amount charged
3 for landscaping in connection with the conversion.
4 22. "Lease or rental".
5 a. "Lease or rental" means any transfer of
6 possession or control of tangible personal property
7 for a fixed or indeterminate term for consideration.
8 A "lease or rental" may include future options to

9 purchase or extend.

10 b. "Lease or rental" includes agreements covering
11 motor vehicles and trailers when the amount of
12 consideration may be increased or decreased by
13 reference to the amount realized upon sale or
14 disposition of the property as defined in 26 U.S.C. §
15 7701(h)(1).

16 c. "Lease or rental" does not include any of the
17 following:

18 (1) A transfer of possession or control of
19 property under a security agreement or deferred
20 payment plan that requires the transfer of title upon
21 completion of the required payments.

22 (2) A transfer of possession or control of
23 property under an agreement that requires the transfer
24 of title upon completion of required payments, and
25 payment of any option price does not exceed the
26 greater of one hundred dollars or one percent of the
27 total required payments.

28 (3) Providing tangible personal property along
29 with an operator for a fixed or indeterminate period
30 of time. A condition of this exclusion is that the
31 operator is necessary for the equipment to perform as
32 designed. For the purpose of this subparagraph, an
33 operator must do more than maintain, inspect, or set
34 up the tangible personal property.

35 d. This definition shall be used for sales and use
36 tax purposes regardless of whether a transaction is
37 characterized as a lease or rental under generally
38 accepted accounting principles, the Internal Revenue
39 Code, the Uniform Commercial Code, or other provisions
40 of federal, state, or local law.

41 23. "Livestock" includes but is not limited to an
42 animal classified as an ostrich, rhea, emu, bison, or
43 farm deer.

44 24. "Manufactured housing" means "manufactured
45 home" as defined in section 321.1.

46 25. "Member state" is any state which has signed
47 the agreement.

48 26. "Mobile home" means "manufactured or mobile
49 home" as defined in section 321.1.

50 27. "Model 1 seller" is a seller that has selected

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1 a certified service provider as its agent to perform
2 all the seller's sales and use tax functions, other
3 than the seller's obligation to remit tax on its own
4 purchases.

5 28. "Model 2 seller" is a seller that has selected
6 a certified automated system to perform part of its
7 sales and use tax functions, but retains

8 responsibility for remitting the tax.

9 29. "Model 3 seller" is a seller that has sales in
10 at least five member states, has total annual sales
11 revenue of at least five hundred million dollars, has
12 a proprietary system that calculates the amount of tax
13 due each jurisdiction, and has entered into a
14 performance agreement with the member states that
15 establishes a tax performance standard for the seller.
16 As used in this definition, a "seller" includes an
17 affiliated group of sellers using the same proprietary
18 system.

19 30. "Nonresidential commercial operations" means
20 industrial, commercial, mining, or agricultural
21 operations, whether for profit or not, but does not
22 include apartment complexes or mobile home parks.

23 31. "Not registered under the agreement" means
24 lack of registration by a seller with the member
25 states under the central registration system
26 referenced in section 423.11, subsection 4.

27 32. "Person" means an individual, trust, estate,
28 fiduciary, partnership, limited liability company,
29 limited liability partnership, corporation, or any
30 other legal entity.

31 33. "Place of business" means any warehouse,
32 store, place, office, building, or structure where
33 goods, wares, or merchandise are offered for sale at
34 retail or where any taxable amusement is conducted, or
35 each office where gas, water, heat, communication, or
36 electric services are offered for sale at retail.

37 When a retailer or amusement operator sells
38 merchandise by means of vending machines or operates
39 music or amusement devices by coin-operated machines
40 at more than one location within the state, the
41 office, building, or place where the books, papers,
42 and records of the taxpayer are kept shall be deemed
43 to be the taxpayer's place of business.

44 34. "Prewritten computer software" includes
45 software designed and developed by the author or other
46 creator to the specifications of a specific purchaser
47 when it is sold to a person other than the purchaser.
48 The combining of two or more prewritten computer
49 software programs or prewritten portions of prewritten
50 programs does not cause the combination to be other

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1 than prewritten computer software. "Prewritten
2 computer software" also means computer software,
3 including prewritten upgrades, which is not designed
4 and developed by the author or other creator to the
5 specifications of a specific purchaser.

6 When a person modifies or enhances computer

7 software of which the person is not the author or
8 creator, the person shall be deemed to be the author
9 or creator only of such person's modifications or
10 enhancements. Prewritten computer software or a
11 prewritten portion of the prewritten software that is
12 modified or enhanced to any degree, when such
13 modification or enhancement is designed and developed
14 to the specifications of a specific purchaser, remains
15 prewritten computer software. However, when there is
16 a reasonable, separately stated charge or an invoice
17 or other statement of the price given to the purchaser
18 for such modification or enhancement, such
19 modification or enhancement shall not constitute
20 prewritten computer software.

21 35. "Property purchased for resale in connection
22 with the performance of a service" means property
23 which is purchased for resale in connection with the
24 rendition, furnishing, or performance of a service by
25 a person who renders, furnishes, or performs the
26 service if all of the following occur:

- 27 a. The provider and user of the service intend
28 that a sale of the property will occur.
- 29 b. The property is transferred to the user of the
30 service in connection with the performance of the
31 service in a form or quantity capable of a fixed or
32 definite price value.
- 33 c. The sale is evidenced by a separate charge for
34 the identifiable piece of property.

35 36. "Purchase" means any transfer, exchange, or
36 barter, conditional or otherwise, in any manner or by
37 any means whatsoever, for a consideration.

38 37. "Purchase price" means the same as "sales
39 price" as defined in this section.

40 38. "Purchaser" is a person to whom a sale of
41 personal property is made or to whom a service is
42 furnished.

43 39. "Receive" and "receipt" mean any of the
44 following:

- 45 a. Taking possession of tangible personal
46 property.
 - 47 b. Making first use of a service.
 - 48 c. Taking possession or making first use of
49 digital goods, whichever comes first.
- 50 "Receive" and "receipt" do not include possession

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- 1 by a shipping company on behalf of a purchaser.
- 2 40. "Registered under the agreement" means
3 registration by a seller under the central
4 registration system referenced in section 423.11,
5 subsection 4.

6 41. "Relief agency" means the state, any county,
7 city and county, city, or district thereof, or any
8 agency engaged in actual relief work.

9 42. "Retailer" means and includes every person
10 engaged in the business of selling tangible personal
11 property or taxable services at retail, or the
12 furnishing of gas, electricity, water, or
13 communication service, and tickets or admissions to
14 places of amusement and athletic events or operating
15 amusement devices or other forms of commercial
16 amusement from which revenues are derived. However,
17 when in the opinion of the director it is necessary
18 for the efficient administration of this chapter to
19 regard any salespersons, representatives, truckers,
20 peddlers, or canvassers as agents of the dealers,
21 distributors, supervisors, employers, or persons under
22 whom they operate or from whom they obtain tangible
23 personal property sold by them irrespective of whether
24 or not they are making sales on their own behalf or on
25 behalf of such dealers, distributors, supervisors,
26 employers, or persons, the director may so regard
27 them, and may regard such dealers, distributors,
28 supervisors, employers, or persons as retailers for
29 the purposes of this chapter. "Retailer" includes a
30 seller obligated to collect sales or use tax.

31 43. "Retailer maintaining a place of business in
32 this state" or any like term includes any retailer
33 having or maintaining within this state, directly or
34 by a subsidiary, an office, distribution house, sales
35 house, warehouse, or other place of business, or any
36 representative operating within this state under the
37 authority of the retailer or its subsidiary,
38 irrespective of whether that place of business or
39 representative is located here permanently or
40 temporarily, or whether the retailer or subsidiary is
41 admitted to do business within this state pursuant to
42 chapter 490.

43 44. "Retailers who are not model sellers" means
44 all retailers other than model 1, model 2, or model 3
45 sellers.

46 45. "Retail sale" or "sale at retail" means any
47 sale, lease, or rental for any purpose other than
48 resale, sublease, or subrent.

49 46. "Sales" or "sale" means any transfer,
50 exchange, or barter, conditional or otherwise, in any

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1 manner or by any means whatsoever, for consideration.
2 47. "Sales price" applies to the measure subject
3 to sales tax.
4 a. "Sales price" means the total amount of

5 consideration, including cash, credit, property, and
6 services, for which personal property or services are
7 sold, leased, or rented, valued in money, whether
8 received in money or otherwise, without any deduction
9 for any of the following:

10 (1) The seller's cost of the property sold.

11 (2) The cost of materials used, labor or service
12 cost, interest, losses, all costs of transportation to
13 the seller, all taxes imposed on the seller, and any
14 other expenses of the seller.

15 (3) Charges by the seller for any services
16 necessary to complete the sale, other than delivery
17 and installation charges.

18 (4) Delivery charges.

19 (5) Installation charges.

20 (6) The value of exempt personal property given to
21 the purchaser where taxable and exempt personal
22 property have been bundled together and sold by the
23 seller as a single product or piece of merchandise.

24 (7) Credit for any trade-in authorized by section
25 423.3, subsection 58.

26 b. "Sales price" does not include:

27 (1) Discounts, including cash, term, or coupons
28 that are not reimbursed by a third party that are
29 allowed by a seller and taken by a purchaser on a
30 sale.

31 (2) Interest, financing, and carrying charges from
32 credit extended on the sale of personal property or
33 services, if the amount is separately stated on the
34 invoice, bill of sale, or similar document given to
35 the purchaser.

36 (3) Any taxes legally imposed directly on the
37 consumer that are separately stated on the invoice,
38 bill of sale, or similar document given to the
39 purchaser.

40 (4) The amounts received for charges included in
41 paragraph "a", subparagraphs (3) through (7), if they
42 are separately contracted for and separately stated on
43 the invoice, billing, or similar document given to the
44 purchaser.

45 48. "Sales tax" means the tax levied under
46 subchapter II of this chapter.

47 49. "Seller" means any person making sales,
48 leases, or rentals of personal property or services.

49 50. "Services" means all acts or services
50 rendered, furnished, or performed, other than services

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1 used in processing of tangible personal property for
2 use in retail sales or services, for an employer, as
3 defined in section 422.4, subsection 3, for a valuable

4 consideration by any person engaged in any business or
5 occupation specifically enumerated in section 423.2.
6 The tax shall be due and collectible when the service
7 is rendered, furnished, or performed for the ultimate
8 user of the service.

9 51. "Services used in the processing of tangible
10 personal property" includes the reconditioning or
11 repairing of tangible personal property of the type
12 normally sold in the regular course of the retailer's
13 business and which is held for sale.

14 52. "State" means any state of the United States
15 and the District of Columbia.

16 53. "System" means the central electronic
17 registration system maintained by Iowa and other
18 states which are signatories to the agreement.

19 54. "Tangible personal property" means personal
20 property that can be seen, weighed, measured, felt, or
21 touched, or that is in any other manner perceptible to
22 the senses. "Tangible personal property" includes
23 electricity, water, gas, steam, and prewritten
24 computer software.

25 55. "Taxpayer" includes any person who is subject
26 to a tax imposed by this chapter, whether acting on
27 the person's own behalf or as a fiduciary.

28 56. "Trailer" shall mean every trailer, as is now
29 or may be hereafter so defined by chapter 321, which
30 is required to be registered or is subject only to the
31 issuance of a certificate of title under chapter 321.

32 57. "Use" means and includes the exercise by any
33 person of any right or power over tangible personal
34 property incident to the ownership of that property.
35 A retailer's or building contractor's sale of
36 manufactured housing for use in this state, whether in
37 the form of tangible personal property or of realty,
38 is a use of that property for the purposes of this
39 chapter.

40 58. "Use tax" means the tax levied under
41 subchapter III of this chapter for which the retailer
42 collects and remits tax to the department.

43 59. "User" means the immediate recipient of the
44 services who is entitled to exercise a right of power
45 over the product of such services.

46 60. "Value of services" means the price to the
47 user exclusive of any direct tax imposed by the
48 federal government or by this chapter.

49 61. "Vehicles subject to registration" means any
50 vehicle subject to registration pursuant to section

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1 321.18.

2 SUBCHAPTER II

3

SALES TAX

4 Sec. __. NEW SECTION. 423.2 TAX IMPOSED.

5 1. There is imposed a tax of five percent upon the
6 sales price of all sales of tangible personal
7 property, consisting of goods, wares, or merchandise,
8 sold at retail in the state to consumers or users
9 except as otherwise provided in this subchapter.

10 a. For the purposes of this subchapter, sales of
11 the following services are treated as if they were
12 sales of tangible personal property:

13 (1) Sales of engraving, photography, retouching,
14 printing, and binding services.

15 (2) Sales of vulcanizing, recapping, and
16 retreading services.

17 (3) Sales of prepaid telephone calling cards and
18 prepaid authorization numbers.

19 (4) Sales of optional service or warranty
20 contracts, except residential service contracts
21 regulated under chapter 523C, which provide for the
22 furnishing of labor and materials and require the
23 furnishing of any taxable service enumerated under
24 this section. The sales price is subject to tax even
25 if some of the services furnished are not enumerated
26 under this section. Additional sales, services, or
27 use taxes shall not be levied on services, parts, or
28 labor provided under optional service or warranty
29 contracts which are subject to tax under this
30 subsection.

31 If the optional service or warranty contract is a
32 computer software maintenance or support service
33 contract and there is no separately stated fee for the
34 taxable personal property or for the nontaxable
35 service, the tax imposed by this subsection shall be
36 imposed on fifty percent of the sales price from the
37 sale of such contract. If the contract provides for
38 technical support services only, no tax shall be
39 imposed under this subsection. The provisions of this
40 subparagraph (4) also apply to the use tax.

41 (5) Renting of rooms, apartments, or sleeping
42 quarters in a hotel, motel, inn, public lodging house,
43 rooming house, mobile home which is tangible personal
44 property, or tourist court, or in any place where
45 sleeping accommodations are furnished to transient
46 guests for rent, whether with or without meals.
47 "Renting" and "rent" include any kind of direct or
48 indirect charge for such rooms, apartments, or
49 sleeping quarters, or their use. However, the tax
50 does not apply to the sales price from the renting of

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1 a room, apartment, or sleeping quarters while rented

2 by the same person for a period of more than thirty-
3 one consecutive days.

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

33 c. The use within this state of tangible personal
34 property by the manufacturer thereof, as building
35 materials, supplies, or equipment, in the performance
36 of construction contracts in Iowa, shall, for the
37 purpose of this subchapter, be construed as a sale at
38 retail of tangible personal property by the
39 manufacturer who shall be deemed to be the consumer of
40 such tangible personal property. The tax shall be
41 computed upon the cost to the manufacturer of the
42 fabrication or production of the tangible personal
43 property.

44 2. A tax of five percent is imposed upon the sales
45 price of the sale or furnishing of gas, electricity,
46 water, heat, pay television service, and communication
47 service, including the sales price from such sales by
48 any municipal corporation or joint water utility
49 furnishing gas, electricity, water, heat, pay
50 television service, and communication service to the

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1 public in its proprietary capacity, except as
2 otherwise provided in this subchapter, when sold at
3 retail in the state to consumers or users.

4 3. A tax of five percent is imposed upon the sales
5 price of all sales of tickets or admissions to places
6 of amusement, fairs, and athletic events except those
7 of elementary and secondary educational institutions.

8 A tax of five percent is imposed on the sales price of
9 an entry fee or like charge imposed solely for the
10 privilege of participating in an activity at a place
11 of amusement, fair, or athletic event unless the sales
12 price of tickets or admissions charges for observing
13 the same activity are taxable under this subchapter.

14 A tax of five percent is imposed upon that part of
15 private club membership fees or charges paid for the
16 privilege of participating in any athletic sports
17 provided club members.

18 4. A tax of five percent is imposed upon the sales
19 price derived from the operation of all forms of
20 amusement devices and games of skill, games of chance,
21 raffles, and bingo games as defined in chapter 99B,
22 operated or conducted within the state, the tax to be
23 collected from the operator in the same manner as for
24 the collection of taxes upon the sales price of
25 tickets or admission as provided in this section. The
26 tax shall also be imposed upon the sales price derived
27 from the sale of lottery tickets or shares pursuant to
28 chapter 99E. The tax on the lottery tickets or shares
29 shall be included in the sales price and distributed
30 to the general fund of the state as provided in
31 section 99E.10. Nothing in this subsection shall
32 legalize any games of skill or chance or slot-operated
33 devices which are now prohibited by law.

34 The tax imposed under this subsection covers the
35 total amount from the operation of games of skill,
36 games of chance, raffles, and bingo games as defined
37 in chapter 99B, and musical devices, weighing
38 machines, shooting galleries, billiard and pool
39 tables, bowling alleys, pinball machines, slot-
40 operated devices selling merchandise not subject to
41 the general sales taxes and on the total amount from
42 devices or systems where prizes are in any manner
43 awarded to patrons and upon the receipts from fees
44 charged for participation in any game or other form of
45 amusement, and generally upon the sales price from any
46 source of amusement operated for profit, not specified
47 in this section, and upon the sales price from which
48 tax is not collected for tickets or admission, but tax
49 shall not be imposed upon any activity exempt from
50 sales tax under section 423.3, subsection 78. Every

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1 person receiving any sales price from the sources
2 described in this section is subject to all provisions
3 of this subchapter relating to retail sales tax and
4 other provisions of this chapter as applicable.
5 5. There is imposed a tax of five percent upon the
6 sales price from the furnishing of services as defined
7 in section 423.1.
8 6. The sales price of any of the following
9 enumerated services is subject to the tax imposed by
10 subsection 5: alteration and garment repair; armored
11 car; vehicle repair; battery, tire, and allied;
12 investment counseling; service charges of all
13 financial institutions; barber and beauty; boat
14 repair; vehicle wash and wax; campgrounds; carpentry;
15 roof, shingle, and glass repair; dance schools and
16 dance studios; dating services; dry cleaning,
17 pressing, dyeing, and laundering; electrical and
18 electronic repair and installation; excavating and
19 grading; farm implement repair of all kinds; flying
20 service; furniture, rug, carpet, and upholstery repair
21 and cleaning; fur storage and repair; golf and country
22 clubs and all commercial recreation; gun and camera
23 repair; house and building moving; household
24 appliance, television, and radio repair; janitorial
25 and building maintenance or cleaning; jewelry and
26 watch repair; lawn care, landscaping, and tree
27 trimming and removal; limousine service, including
28 driver; machine operator; machine repair of all kinds;
29 motor repair; motorcycle, scooter, and bicycle repair;
30 oilers and lubricators; office and business machine
31 repair; painting, papering, and interior decorating;
32 parking facilities; pay television; pet grooming; pipe
33 fitting and plumbing; wood preparation; executive
34 search agencies; private employment agencies,
35 excluding services for placing a person in employment
36 where the principal place of employment of that person
37 is to be located outside of the state; reflexology;
38 security and detective services; sewage services for
39 nonresidential commercial operations; sewing and
40 stitching; shoe repair and shoeshine; sign
41 construction and installation; storage of household
42 goods, mini-storage, and warehousing of raw
43 agricultural products; swimming pool cleaning and
44 maintenance; tanning beds or salons; taxidermy
45 services; telephone answering service; test
46 laboratories, including mobile testing laboratories
47 and field testing by testing laboratories, and
48 excluding tests on humans or animals; termite, bug,
49 roach, and pest eradicators; tin and sheet metal
50 repair; Turkish baths, massage, and reducing salons,

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1 excluding services provided by massage therapists
2 licensed under chapter 152C; water conditioning and
3 softening; weighing; welding; well drilling; wrapping,
4 packing, and packaging of merchandise other than
5 processed meat, fish, fowl, and vegetables; wrecking
6 service; wrecker and towing.
7 For the purposes of this subsection, the sales
8 price of a lease or rental includes rents, royalties,
9 and copyright and license fees. For the purposes of
10 this subsection, "financial institutions" means all
11 national banks, federally chartered savings and loan
12 associations, federally chartered savings banks,
13 federally chartered credit unions, banks organized
14 under chapter 524, savings and loan associations and
15 savings banks organized under chapter 534, and credit
16 unions organized under chapter 533.
17 7. a. A tax of five percent is imposed upon the
18 sales price from the sales, furnishing, or service of
19 solid waste collection and disposal service.
20 For purposes of this subsection, "solid waste"
21 means garbage, refuse, sludge from a water supply
22 treatment plant or air contaminant treatment facility,
23 and other discarded waste materials and sludges, in
24 solid, semisolid, liquid, or contained gaseous form,
25 resulting from nonresidential commercial operations,
26 but does not include auto hulks; street sweepings;
27 ash; construction debris; mining waste; trees; tires;
28 lead acid batteries; used oil; hazardous waste; animal
29 waste used as fertilizer; earthen fill, boulders, or

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1 charge or tipping fee. However, the costs of a
2 service or portion of a service to collect and manage
3 recyclable materials separated from solid waste by the
4 waste generator are exempt from the tax imposed by
5 this subsection.

6 8. a. A tax of five percent is imposed upon the
7 sales price from sales of bundled services contracts.
8 For purposes of this subsection, a "bundled services
9 contract" means an agreement providing for a
10 retailer's performance of services, one or more of
11 which is a taxable service enumerated in this section
12 and one or more of which is not, in return for a
13 consumer's or user's single payment for the
14 performance of the services, with no separate
15 statement to the consumer or user of what portion of
16 that payment is attributable to any one service which
17 is a part of the contract.

18 b. For purposes of the administration of the tax
19 on bundled services contracts, the director may enter
20 into agreements of limited duration with individual
21 retailers, groups of retailers, or organizations
22 representing retailers of bundled services contracts.
23 Such an agreement shall impose the tax rate only upon
24 that portion of the sales price from a bundled
25 services contract which is attributable to taxable
26 services provided under the contract.

27 9. A tax of five percent is imposed upon the sales
28 price from any mobile telecommunications service which
29 this state is allowed to tax by the provisions of the
30 federal Mobile Telecommunications Sourcing Act, Pub.
31 L. No. 106-252, 4 U.S.C. § 116 et seq. For purposes
32 of this subsection, taxes on mobile telecommunications
33 service, as defined under the federal Mobile
34 Telecommunications Sourcing Act that are deemed to be
35 provided by the customer's home service provider,
36 shall be paid to the taxing jurisdiction whose
37 territorial limits encompass the customer's place of
38 primary use, regardless of where the mobile
39 telecommunications service originates, terminates, or
40 passes through and shall in all other respects be
41 taxed in conformity with the federal Mobile
42 Telecommunications Sourcing Act. All other provisions
43 of the federal Mobile Telecommunications Sourcing Act
44 are adopted by the state of Iowa and incorporated into
45 this subsection by reference. With respect to mobile
46 telecommunications service under the federal Mobile
47 Telecommunications Sourcing Act, the director shall,
48 if requested, enter into agreements consistent with
49 the provisions of the federal Act.

50 10. All revenues arising under the operation of

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1 the provisions of this section shall be deposited into
2 the general fund of the state.
3 Sec. __. **NEW SECTION.** 423.3 EXEMPTIONS.
4 There is exempted from the provisions of this
5 subchapter and from the computation of the amount of
6 tax imposed by it the following:
7 1. The sales price from sales of tangible personal
8 property and services furnished which this state is
9 prohibited from taxing under the Constitution or laws
10 of the United States or under the Constitution of this
11 state.
12 2. The sales price of sales for resale of tangible
13 personal property or taxable services, or for resale
14 of tangible personal property in connection with the
15 furnishing of taxable services.
16 3. The sales price of agricultural breeding
17 livestock and domesticated fowl.
18 4. The sales price of commercial fertilizer.
19 5. The sales price of agricultural limestone,
20 herbicide, pesticide, insecticide, including
21 adjuvants, surfactants, and other products directly
22 related to the application enhancement of those
23 products, food, medication, or agricultural drain
24 tile, including installation of agricultural drain
25 tile, any of which are to be used in disease control,
26 weed control, insect control, or health promotion of
27 plants or livestock produced as part of agricultural
28 production for market.
29 6. The sales price of tangible personal property
30 which will be consumed as fuel in creating heat,
31 power, or steam for grain drying, or for providing
32 heat or cooling for livestock buildings or for
33 greenhouses or buildings or parts of buildings
34 dedicated to the production of flowering, ornamental,
35 or vegetable plants intended for sale in the ordinary
36 course of business, or for use in cultivation of
37 agricultural products by aquaculture, or in implements
38 of husbandry engaged in agricultural production.
39 7. The sales price of services furnished by
40 specialized flying implements of husbandry used for
41 agricultural aerial spraying.
42 8. The sales price exclusive of services of farm
43 machinery and equipment, including auxiliary
44 attachments which improve the performance, safety,
45 operation, or efficiency of the machinery and
46 equipment and replacement parts, if the following
47 conditions are met:
48 a. The farm machinery and equipment shall be
49 directly and primarily used in production of
50 agricultural products.

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- 1 b. The farm machinery and equipment shall
2 constitute self-propelled implements or implements
3 customarily drawn or attached to self-propelled
4 implements or the farm machinery or equipment is a
5 grain dryer.
- 6 c. The replacement part is essential to any repair
7 or reconstruction necessary to the farm machinery's or
8 equipment's exempt use in the production of
9 agricultural products.
- 10 Vehicles subject to registration, as defined in
11 section 423.1, or replacement parts for such vehicles,
12 are not eligible for this exemption.
- 13 9. The sales price of wood chips, sawdust, hay,
14 straw, paper, or other materials used for bedding in
15 the production of agricultural livestock or fowl.
- 16 10. The sales price of gas, electricity, water, or
17 heat to be used in implements of husbandry engaged in
18 agricultural production.
- 19 11. The sales price exclusive of services of farm
20 machinery and equipment, including auxiliary
21 attachments which improve the performance, safety,
22 operation, or efficiency of the machinery and
23 equipment and replacement parts, if all of the
24 following conditions are met:
- 25 a. The implement, machinery, or equipment is
26 directly and primarily used in livestock or dairy
27 production, aquaculture production, or the production
28 of flowering, ornamental, or vegetable plants.
- 29 b. The implement is not a self-propelled implement
30 or implement customarily drawn or attached to self-
31 propelled implements.
- 32 c. The replacement part is essential to any repair
33 or reconstruction necessary to the farm machinery's or
34 equipment's exempt use in livestock or dairy
35 production, aquaculture production, or the production
36 of flowering, ornamental, or vegetable plants.
- 37 12. The sales price, exclusive of services, from
38 sales of irrigation equipment used in farming
39 operations.
- 40 13. The sales price from the sale or rental of
41 irrigation equipment, whether installed above or below
42 ground, to a contractor or farmer if the equipment
43 will be primarily used in agricultural operations.
- 44 14. The sales price from the sales of horses,
45 commonly known as draft horses, when purchased for use
46 and so used as draft horses.
- 47 15. The sales price from the sale of property
48 which is a container, label, carton, pallet, packing
49 case, wrapping, baling wire, twine, bag, bottle,
50 shipping case, or other similar article or receptacle

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1 sold for use in agricultural, livestock, or dairy
2 production.
3 16. The sales price from the sale of feed and feed
4 supplements and additives when used for consumption by
5 farm deer or bison.
6 17. The sales price of all goods, wares, or
7 merchandise, or services, used for educational
8 purposes sold to any private nonprofit educational
9 institution in this state. For the purpose of this
10 subsection, "educational institution" means an
11 institution which primarily functions as a school,
12 college, or university with students, faculty, and an
13 established curriculum. The faculty of an educational
14 institution must be associated with the institution
15 and the curriculum must include basic courses which
16 are offered every year. "Educational institution"
17 includes an institution primarily functioning as a
18 library.
19 18. The sales price of tangible personal property
20 sold, or of services furnished, to the following
21 nonprofit corporations:
22 a. Residential care facilities and intermediate
23 care facilities for persons with mental retardation
24 and residential care facilities for persons with
25 mental illness licensed by the department of
26 inspections and appeals under chapter 135C.
27 b. Residential facilities licensed by the
28 department of human services pursuant to chapter 237,
29 other than those maintained by individuals as defined
30 in section 237.1, subsection 7.
31 c. Rehabilitation facilities that provide
32 accredited rehabilitation services to persons with
33 disabilities which are accredited by the commission on
34 accreditation of rehabilitation facilities or the
35 accreditation council for services for persons with
36 mental retardation and other persons with
37 developmental disabilities and adult day care services
38 approved for reimbursement by the state department of
39 human services.
40 d. Community mental health centers accredited by
41 the department of human services pursuant to chapter
42 225C.
43 e. Community health centers as defined in 42
44 U.S.C. § 254(c) and migrant health centers as defined
45 in 42 U.S.C. § 254(b).
46 19. The sales price of tangible personal property
47 sold to a nonprofit organization which was organized
48 for the purpose of lending the tangible personal
49 property to the general public for use by them for
50 nonprofit purposes.

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1 20. The sales price of tangible personal property
2 sold, or of services furnished, to nonprofit legal aid
3 organizations.

4 21. The sales price of goods, wares, or
5 merchandise, or of services, used for educational,
6 scientific, historic preservation, or aesthetic
7 purpose sold to a nonprofit private museum.

8 22. The sales price from sales of goods, wares, or
9 merchandise, or from services furnished, to a
10 nonprofit private art center to be used in the
11 operation of the art center.

12 23. The sales price of tangible personal property
13 sold, or of services furnished, by a fair society
14 organized under chapter 174.

15 24. The sales price from services furnished by the
16 notification center established pursuant to section
17 480.3, and the vendor selected pursuant to section
18 480.3 to provide the notification service.

19 25. The sales price of food and beverages sold for
20 human consumption by a nonprofit organization which
21 principally promotes a food or beverage product for
22 human consumption produced, grown, or raised in this
23 state and whose income is exempt from federal taxation
24 under section 501(c) of the Internal Revenue Code.

25 26. The sales price of tangible personal property
26 sold, or of services furnished, to a statewide
27 nonprofit organ procurement organization, as defined
28 in section 142C.2.

29 27. The sales price of tangible personal property
30 sold, or of services furnished, to a nonprofit
31 hospital licensed pursuant to chapter 135B to be used
32 in the operation of the hospital.

33 28. The sales price of tangible personal property
34 sold, or of services furnished, to a freestanding
35 nonprofit hospice facility which operates a hospice
36 program as defined in 42 C.F.R., ch. IV, § 418.3,
37 which property or services are to be used in the
38 hospice program.

39 29. The sales price of all goods, wares, or
40 merchandise sold, or of services furnished, which are
41 used in the fulfillment of a written construction
42 contract with a nonprofit hospital licensed pursuant
43 to chapter 135B if all of the following apply:

44 a. The sales and delivery of the goods, wares, or
45 merchandise, or the services furnished occurred
46 between July 1, 1998, and December 31, 2001.

47 b. The written construction contract was entered
48 into prior to December 31, 1999, or bonds to fund the
49 construction were issued prior to December 31, 1999.

50 c. The sales or services were purchased by a

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1 contractor as the agent for the hospital or were
2 purchased directly by the hospital.

3 30. The sales price of livestock ear tags sold by
4 a nonprofit organization whose income is exempt from
5 federal taxation under section 501(c)(6) of the
6 Internal Revenue Code where the proceeds are used in
7 bovine research programs selected or approved by such
8 organization.

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

24 a. The sales price of goods, wares, or merchandise
25 sold to, or of services furnished, and used by or in
26 connection with the operation of any municipally owned
27 public utility engaged in selling gas, electricity,
28 heat, or pay television service to the general public.

29 b. The sales price of furnishing of sewage
30 services to a county or municipality on behalf of
31 nonresidential commercial operations.

32 c. The furnishing of solid waste collection and
33 disposal service to a county or municipality on behalf
34 of nonresidential commercial operations located within
35 the county or municipality.

36 The exemption provided by this subsection shall
37 also apply to all such sales of goods, wares, or
38 merchandise or of services furnished and subject to
39 use tax.

40 32. The sales price of tangible personal property
41 sold, or of services furnished, by a county or city.
42 This exemption does not apply to any of the following:

43 a. The tax specifically imposed under section
44 423.2 on the sales price from sales or furnishing of
45 gas, electricity, water, heat, pay television service,
46 or communication service to the public by a municipal
47 corporation in its proprietary capacity.

48 b. The sale or furnishing of solid waste
49 collection and disposal service to nonresidential
50 commercial operations.

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1 c. The sale or furnishing of sewage service for
2 nonresidential commercial operations.

3 d. Fees paid to cities and counties for the
4 privilege of participating in any athletic sports.

5 33. The sales price of mementos and other items
6 relating to Iowa history and historic sites, the
7 general assembly, and the state capitol, sold by the
8 legislative service bureau and its legislative
9 information office on the premises of property under
10 the control of the legislative council, at the state
11 capitol, and on other state property.

12 34. The sales price from sales of mementos and
13 other items relating to Iowa history and historic
14 sites by the department of cultural affairs on the
15 premises of property under its control and at the
16 state capitol.

17 35. The sales price from sales or services
18 furnished by the state fair organized under chapter
19 173.

20 36. The sales price from sales of tangible
21 personal property or of the sale or furnishing of
22 electrical energy, natural or artificial gas, or
23 communication service to another state or political
24 subdivision of another state if the other state
25 provides a similar reciprocal exemption for this state
26 and political subdivision of this state.

27 37. The sales price of services on or connected
28 with new construction, reconstruction, alteration,
29 expansion, remodeling, or the services of a general
30 building contractor, architect, or engineer.

31 38. The sales price from the sale of building
32 materials, supplies, or equipment sold to rural water
33 districts organized under chapter 504A as provided in
34 chapter 357A and used for the construction of
35 facilities of a rural water district.

36 39. The sales price from "casual sales".

37 "Casual sales" means:

38 a. Sales of tangible personal property, or the
39 furnishing of services, of a nonrecurring nature, by
40 the owner, if the seller, at the time of the sale, is
41 not engaged for profit in the business of selling
42 tangible personal property or services taxed under
43 section 423.2.

44 b. The sale of all or substantially all of the
45 tangible personal property or services held or used by
46 a seller in the course of the seller's trade or
47 business for which the seller is required to hold a
48 sales tax permit when the seller sells or otherwise
49 transfers the trade or business to another person who
50 shall engage in a similar trade or business.

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1 40. The sales price from the sale of automotive
2 fluids to a retailer to be used either in providing a
3 service which includes the installation or application
4 of the fluids in or on a motor vehicle, which service
5 is subject to section 423.2, subsection 6, or to be
6 installed in or applied to a motor vehicle which the
7 retailer intends to sell, which sale is subject to
8 section 423.26. For purposes of this subsection,
9 automotive fluids are all those which are refined,
10 manufactured, or otherwise processed and packaged for
11 sale prior to their installation in or application to
12 a motor vehicle. They include but are not limited to
13 motor oil and other lubricants, hydraulic fluids,
14 brake fluid, transmission fluid, sealants,
15 undercoatings, antifreeze, and gasoline additives.

16 41. The sales price from the rental of motion
17 picture films, video and audio tapes, video and audio
18 discs, records, photos, copy, scripts, or other media
19 used for the purpose of transmitting that which can be
20 seen, heard, or read, if either of the following
21 conditions are met:

22 a. The lessee imposes a charge for the viewing of
23 such media and the charge for the viewing is subject
24 to taxation under this subchapter or is subject to use
25 tax.

26 b. The lessee broadcasts the contents of such
27 media for public viewing or listening.

28 42. The sales price from the sale of tangible
29 personal property consisting of advertising material
30 including paper to a person in Iowa if that person or
31 that person's agent will, subsequent to the sale, send
32 that advertising material outside this state and the
33 material is subsequently used solely outside of Iowa.
34 For the purpose of this subsection, "advertising
35 material" means any brochure, catalog, leaflet, flyer,
36 order form, return envelope, or similar item used to
37 promote sales of property or services.

38 43. The sales price from the sale of property or
39 of services performed on property which the retailer
40 transfers to a carrier for shipment to a point outside
41 of Iowa, places in the United States mail or parcel
42 post directed to a point outside of Iowa, or
43 transports to a point outside of Iowa by means of the
44 retailer's own vehicles, and which is not thereafter
45 returned to a point within Iowa, except solely in the
46 course of interstate commerce or transportation. This
47 exemption shall not apply if the purchaser, consumer,
48 or their agent, other than a carrier, takes physical
49 possession of the property in Iowa.

50 44. The sales price from the sale of property

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1 which is a container, label, carton, pallet, packing
2 case, wrapping paper, twine, bag, bottle, shipping
3 case, or other similar article or receptacle sold to
4 retailers or manufacturers for the purpose of
5 packaging or facilitating the transportation of
6 tangible personal property sold at retail or
7 transferred in association with the maintenance or
8 repair of fabric or clothing.
9 45. The sales price from sales or rentals to a
10 printer or publisher of the following: acetate; anti-
11 halation backing; antistatic spray; back lining; base
12 material used as a carrier for light sensitive
13 emulsions; blankets; blow-ups; bronze powder; carbon
14 tissue; codas; color filters; color separations;
15 contacts; continuous tone separations; creative art;
16 custom dies and die cutting materials; dampener
17 sleeves; dampening solution; design and styling; diazo
18 coating; dot etching; dot etching solutions; drawings;
19 drawsheets; driers; duplicate films or prints;
20 electronically digitized images; electrotypes; end
21 product of image modulation; engravings; etch
22 solutions; film; finished art or final art; fix;
23 fixative spray; flats; flying pasters; foils;
24 goldenrod paper; gum; halftones; illustrations; ink;
25 ink paste; keylines; lacquer; lasering images;
26 layouts; lettering; line negatives and positives;
27 linotypes; lithographic offset plates; magnesium and
28 zinc etchings; masking paper; masks; masters; mats;
29 mat service; metal toner; models and modeling; mylar;
30 negatives; nonoffset spray; opaque film process paper;
31 opaquing; padding compound; paper stock; photographic
32 materials: acids, plastic film, desensitizer
33 emulsion, exposure chemicals, fix, developers, and
34 paper; photography, day rate; photopolymer coating;
35 photographs; photostats; photo-display tape;
36 phototypesetter materials; ph-indicator sticks;
37 positives; press pack; printing cylinders; printing
38 plates, all types; process lettering; proof paper;
39 proofs and proof processes, all types; pumice powder;
40 purchased author alterations; purchased composition;
41 purchased phototypesetting; purchased stripping and
42 pasteups; red litho tape; reducers; roller covering;
43 screen tints; sketches; stepped plates; stereotypes;
44 strip types; substrate; tints; tissue overlays;
45 toners; transparencies; tympan; typesetting;
46 typography; varnishes; veloxes; wood mounts; and any
47 other items used in a like capacity to any of the
48 above enumerated items by the printer or publisher to
49 complete a finished product for sale at retail.
50 Expendable tools and supplies which are not enumerated

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1 in this subsection are excluded from the exemption.

2 "Printer" means that portion of a person's business
3 engaged in printing that completes a finished product
4 for ultimate sale at retail or means that portion of a
5 person's business used to complete a finished printed
6 packaging material used to package a product for
7 ultimate sale at retail. "Printer" does not mean an
8 in-house printer who prints or copyrights its own
9 materials.

10 46. a. The sales price from the sale or rental of
11 computers, machinery, and equipment, including
12 replacement parts, and materials used to construct or
13 self-construct computers, machinery, and equipment if
14 such items are any of the following:

15 (1) Directly and primarily used in processing by a
16 manufacturer.

17 (2) Directly and primarily used to maintain the
18 integrity of the product or to maintain unique
19 environmental conditions required for either the
20 product or the computers, machinery, and equipment
21 used in processing by a manufacturer, including test
22 equipment used to control quality and specifications
23 of the product.

24 (3) Directly and primarily used in research and
25 development of new products or processes of
26 processing.

27 (4) Computers used in processing or storage of
28 data or information by an insurance company, financial
29 institution, or commercial enterprise.

30 (5) Directly and primarily used in recycling or
31 reprocessing of waste products.

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

36 b. The sales price from the sale of fuel used in
37 creating heat, power, steam, or for generating
38 electrical current, or from the sale of electricity,
39 consumed by computers, machinery, or equipment used in
40 an exempt manner described in paragraph "a",
41 subparagraph (1), (2), (3), (5), or (6).

42 c. The sales price from the sale or rental of the
43 following shall not be exempt from the tax imposed by
44 this subchapter:

45 (1) Hand tools.

46 (2) Point-of-sale equipment and computers.

47 (3) Industrial machinery, equipment, and
48 computers, including pollution-control equipment
49 within the scope of section 427A.1, subsection 1,
50 paragraphs "h" and "i".

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1 (4) Vehicles subject to registration, except
2 vehicles subject to registration which are directly
3 and primarily used in recycling or reprocessing of
4 waste products.
5 d. As used in this subsection:
6 (1) "Commercial enterprise" includes businesses
7 and manufacturers conducted for profit and centers for
8 data processing services to insurance companies,
9 financial institutions, businesses, and manufacturers,
10 but excludes professions and occupations and nonprofit
11 organizations.
12 (2) "Financial institution" means as defined in
13 section 527.2.
14 (3) "Insurance company" means an insurer organized
15 or operating under chapter 508, 514, 515, 518, 518A,
16 519, or 520, or authorized to do business in Iowa as
17 an insurer or an insurance producer under chapter
18 522B.
19 (4) "Manufacturer" means as defined in section
20 428.20, but also includes contract manufacturers. A
21 contract manufacturer is a manufacturer that otherwise
22 falls within the definition of manufacturer under
23 section 428.20, except that a contract manufacturer
24 does not sell the tangible personal property the
25 contract manufacturer processes on behalf of other
26 manufacturers. A business engaged in activities
27 subsequent to the extractive process of quarrying or
28 mining, such as crushing, washing, sizing, or blending
29 of aggregate materials, is a manufacturer with respect
30 to these activities.
31 (5) "Processing" means a series of operations in
32 which materials are manufactured, refined, purified,
33 created, combined, or transformed by a manufacturer,
34 ultimately into tangible personal property.
35 Processing encompasses all activities commencing with
36 the receipt or producing of raw materials by the
37 manufacturer and ending at the point products are
38 delivered for shipment or transferred from the
39 manufacturer. Processing includes but is not limited
40 to refinement or purification of materials; treatment
41 of materials to change their form, context, or
42 condition; maintenance of the quality or integrity of
43 materials, components, or products; maintenance of
44 environmental conditions necessary for materials,
45 components, or products; quality control activities;
46 and construction of packaging and shipping devices,
47 placement into shipping containers or any type of
48 shipping devices or medium, and the movement of
49 materials, components, or products until shipment from
50 the processor.

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1 (6) "Receipt or producing of raw materials" means
2 activities performed upon tangible personal property
3 only. With respect to raw materials produced from or
4 upon real estate, the receipt or producing of raw
5 materials is deemed to occur immediately following the
6 severance of the raw materials from the real estate.

7 47. The sales price from the furnishing of the
8 design and installation of new industrial machinery or
9 equipment, including electrical and electronic
10 installation.

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

29 49. The sales price of sales of electricity,
30 steam, or any taxable service when purchased and used
31 in the processing of tangible personal property
32 intended to be sold ultimately at retail.

33 50. The sales price of tangible personal property
34 sold for processing. Tangible personal property is
35 sold for processing within the meaning of this
36 subsection only when it is intended that the property
37 will, by means of fabrication, compounding,
38 manufacturing, or germination, become an integral part
39 of other tangible personal property intended to be
40 sold ultimately at retail; or for generating electric
41 current; or the property is a chemical, solvent,
42 sorbent, or reagent, which is directly used and is
43 consumed, dissipated, or depleted, in processing
44 tangible personal property which is intended to be
45 sold ultimately at retail or consumed in the
46 maintenance or repair of fabric or clothing, and which
47 may not become a component or integral part of the
48 finished product. The distribution to the public of
49 free newspapers or shoppers guides is a retail sale
50 for purposes of the processing exemption set out in

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1 this subsection and in subsection 49.

2 51. The sales price from the sale of argon and
3 other similar gases to be used in the manufacturing
4 process.

5 52. The sales price from the sale of electricity
6 to water companies assessed for property tax pursuant
7 to sections 428.24, 428.26, and 428.28 which is used
8 solely for the purpose of pumping water from a river
9 or well.

10 53. The sales price from the sale of wind energy
11 conversion property to be used as an electric power
12 source and the sale of the materials used to
13 manufacture, install, or construct wind energy
14 conversion property used or to be used as an electric
15 power source.

16 For purposes of this subsection, "wind energy
17 conversion property" means any device, including, but
18 not limited to, a wind charger, windmill, wind
19 turbine, tower and electrical equipment, pad mount
20 transformers, power lines, and substation, which
21 converts wind energy to a form of usable energy.

22 54. The sales price from the sales of newspapers,
23 free newspapers, or shoppers guides and the printing
24 and publishing of such newspapers and shoppers guides,
25 and envelopes for advertising.

26 55. The sales price from the sale of motor fuel
27 and special fuel consumed for highway use or in
28 watercraft or aircraft where the fuel tax has been
29 imposed and paid and no refund has been or will be
30 allowed and the sales price from the sales of ethanol
31 blended gasoline, as defined in section 452A.2.

32 56. The sales price from all sales of food and
33 food ingredients. However, as used in this
34 subsection, "food" does not include alcoholic
35 beverages, candy, dietary supplements, food sold
36 through vending machines, prepared food, soft drinks,
37 and tobacco.

38 For the purposes of this subsection:

39 a. "Alcoholic beverages" means beverages that are
40 suitable for human consumption and contain one-half of
41 one percent or more of alcohol by volume.

42 b. "Candy" means a preparation of sugar, honey, or
43 other natural or artificial sweeteners in combination
44 with chocolate, fruits, nuts, or other ingredients or
45 flavorings in the form of bars, drops, or pieces.
46 Candy shall not include any preparation containing
47 flour and shall require no refrigeration.

48 c. "Dietary supplement" means any product, other
49 than tobacco, intended to supplement the diet that
50 contains one or more of the following dietary

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1 ingredients:

2 (1) A vitamin.

3 (2) A mineral.

4 (3) An herb or other botanical.

5 (4) An amino acid.

6 (5) A dietary substance for use by humans to
7 supplement the diet by increasing the total dietary
8 intake.

9 (6) A concentrate, metabolite, constituent,
10 extract, or combination of any of the ingredients in
11 subparagraphs (1) through (5) that is intended for
12 ingestion in tablet, capsule, powder, softgel, gelcap,
13 or liquid form, or if not intended for ingestion in
14 such a form, is not represented as conventional food
15 and is not represented for use as a sole item of a
16 meal or of the diet; and is required to be labeled as
17 a dietary supplement, identifiable by the "supplement
18 facts" box found on the label and as required pursuant
19 to 21 C.F.R. § 101.36.

20 d. "Food and food ingredients" means substances,
21 whether in liquid, concentrated, solid, frozen, dried,
22 or dehydrated form, that are sold for ingestion or
23 chewing by humans and are consumed for their taste or
24 nutritional value.

25 e. "Food sold through vending machines" means food
26 dispensed from a machine or other mechanical device
27 that accepts payment.

28 f. "Prepared food" means any of following:

29 (1) Food sold in a heated state or heated by the
30 seller.

31 (2) Two or more food ingredients mixed or combined
32 by the seller for sale as a single item. "Prepared
33 food", for the purposes of this subparagraph, does not
34 include food that is only cut, repackaged, or
35 pasteurized by the seller, and eggs, fish, meat,
36 poultry, and foods containing these raw animal foods
37 requiring cooking by the consumer as recommended by
38 the United States food and drug administration in
39 chapter 3, part 401.11 of its food code so as to
40 prevent food borne illnesses.

41 (3) Food sold with eating utensils provided by the
42 seller, including plates, knives, forks, spoons,
43 glasses, cups, napkins, or straws. A plate does not
44 include a container or packaging used to transport
45 food.

46 g. "Soft drinks" means nonalcoholic beverages that
47 contain natural or artificial sweeteners. "Soft
48 drinks" does not include beverages that contain milk
49 or milk products; soy, rice, or similar milk
50 substitutes; or greater than fifty percent of

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1 vegetable or fruit juice by volume.

2 f. "Tobacco" means cigarettes, cigars, chewing or
3 pipe tobacco, or any other item that contains tobacco.

4 57. The sales price from the sale of items
5 purchased with coupons issued under the federal Food
6 Stamp Act of 1977, 7 U.S.C. § 2011 et seq.

7 58. In transactions in which tangible personal
8 property is traded toward the sales price of other
9 tangible personal property, that portion of the sales
10 price which is not payable in money to the retailer is
11 exempted from the taxable amount if the following
12 conditions are met:

13 a. The tangible personal property traded to the
14 retailer is the type of property normally sold in the
15 regular course of the retailer's business.

16 b. The tangible personal property traded to the
17 retailer is intended by the retailer to be ultimately
18 sold at retail or is intended to be used by the
19 retailer or another in the remanufacturing of a like
20 item.

21 59. The sales price from the sale or rental of
22 prescription drugs or medical devices intended for
23 human use or consumption.

24 For the purposes of this subsection:

25 a. "Drug" means a compound, substance, or
26 preparation, and any component of a compound,
27 substance, or preparation, other than food and food
28 ingredients, dietary supplements, or alcoholic
29 beverages which is any of the following:

30 (1) Recognized in the official United States
31 pharmacopoeia, official homeopathic pharmacopoeia of
32 the United States, or official national formulary, and
33 supplement to any of them.

34 (2) Intended for use in the diagnosis, cure,
35 mitigation, treatment, or prevention of disease.

36 (3) Intended to affect the structure or any
37 function of the body.

38 b. "Medical device" means equipment or a supply,
39 intended to be prescribed by a practitioner, including
40 orthopedic or orthotic devices. However, "medical
41 device" also includes prosthetic devices, ostomy,
42 urological, and tracheostomy equipment and supplies,
43 and diabetic testing materials, hypodermic syringes
44 and needles, anesthesia trays, biopsy trays and biopsy
45 needles, cannula systems, catheter trays and invasive
46 catheters, dialyzers, drug infusion devices, fistula
47 sets, hemodialysis devices, insulin infusion devices,
48 intraocular lenses, irrigation solutions, intravenous
49 administering sets, solutions and stopcocks, myelogram
50 trays, nebulizers, small vein infusion kits, spinal

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1 puncture trays, transfusion sets, venous blood sets,
2 and oxygen equipment, intended to be dispensed for
3 human use with or without a prescription to an
4 ultimate user.

5 c. "Practitioner" means a practitioner as defined
6 in section 155A.3, or a person licensed to prescribe
7 drugs.

8 d. "Prescription drug" means a drug intended to be
9 dispensed to an ultimate user pursuant to a
10 prescription drug order, formula, or recipe issued in
11 any form of oral, written, electronic, or other means
12 of transmission by a duly licensed practitioner, or
13 oxygen or insulin dispensed for human consumption with
14 or without a prescription drug order or medication
15 order.

16 e. "Prosthetic device" means a replacement,
17 corrective, or supportive device including repair and
18 replacement parts for the same worn on or in the body
19 to do any of the following:

20 (1) Artificially replace a missing portion of the
21 body.

22 (2) Prevent or correct physical deformity or
23 malfunction.

24 (3) Support a weak or deformed portion of the
25 body.

26 f. "Ultimate user" means an individual who has
27 lawfully obtained and possesses a prescription drug or
28 medical device for the individual's own use or for the
29 use of a member of the individual's household, or an
30 individual to whom a prescription drug or medical
31 device has been lawfully supplied, administered,
32 dispensed, or prescribed.

33 60. The sales price from services furnished by
34 aerial commercial and charter transportation services.

35 61. The sales price from the sale of raffle
36 tickets for a raffle licensed pursuant to section
37 99B.5.

38 62. The sales price from the sale of tangible
39 personal property which will be given as prizes to
40 players in games of skill, games of chance, raffles,
41 and bingo games as defined in chapter 99B.

42 63. The sales price from the sale of a modular
43 home, as defined in section 435.1, to the extent of
44 the portion of the purchase price of the modular home
45 which is not attributable to the cost of the tangible
46 personal property used in the processing of the
47 modular home. For purposes of this exemption, the
48 portion of the purchase price which is not
49 attributable to the cost of the tangible personal
50 property used in the processing of the modular home is

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1 forty percent.

2 64. The sales price from charges paid to a
3 provider for access to on-line computer services. For
4 purposes of this subsection, "on-line computer
5 service" means a service that provides or enables
6 computer access by multiple users to the internet or
7 to other information made available through a computer
8 server.

9 65. The sales price from the sale or rental of
10 information services. "Information services" means
11 every business activity, process, or function by which
12 a seller or its agent accumulates, prepares,
13 organizes, or conveys data, facts, knowledge,
14 procedures, and like services to a buyer or its agent
15 of such information through any tangible or intangible
16 medium. Information accumulated, prepared, or
17 organized for a buyer or its agent is an information
18 service even though it may incorporate preexisting
19 components of data or other information. "Information
20 services" includes, but is not limited to, database
21 files, mailing lists, subscription files, market
22 research, credit reports, surveys, real estate
23 listings, bond rating reports, abstracts of title, bad
24 check lists, broadcasting rating services, wire
25 services, and scouting reports, or other similar
26 items.

27 66. The sales price of a sale at retail if the
28 substance of the transaction is delivered to the
29 purchaser digitally, electronically, or utilizing
30 cable, or by radio waves, microwaves, satellites, or
31 fiber optics.

32 67. a. The sales price from the sale of an
33 article of clothing designed to be worn on or about
34 the human body if all of the following apply:

35 (1) The sales price of the article is less than
36 one hundred dollars.

37 (2) The sale takes place during a period beginning
38 at 12:01 a.m. on the first Friday in August and ending
39 at midnight on the following Saturday.

40 b. This subsection does not apply to any of the
41 following:

42 (1) Sport or recreational equipment and protective
43 equipment.

44 (2) Clothing accessories or equipment.

45 (3) The rental of clothing.

46 c. For purposes of this subsection:

47 (1) "Clothing" means all human wearing apparel
48 suitable for general use. "Clothing" includes, but is
49 not limited to the following: aprons, household and
50 shop; athletic supporters; baby receiving blankets;

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1 bathing suits and caps; beach capes and coats; belts
2 and suspenders; boots; coats and jackets; costumes;
3 diapers (children and adults, including disposable
4 diapers); earmuffs; footlets; formal wear; garters and
5 garter belts; girdles; gloves and mittens for general
6 use; hats and caps; hosiery; insoles for shoes; lab
7 coats; neckties; overshoes; pantyhose; rainwear;
8 rubber pants; sandals; scarves; shoes and shoelaces;
9 slippers; sneakers; socks and stockings; steel-toed
10 shoes; underwear; uniforms, athletic and nonathletic;
11 and wedding apparel.

12 "Clothing" does not include the following: belt
13 buckles sold separately; costume masks sold
14 separately; patches and emblems sold separately;
15 sewing equipment and supplies (including, but not
16 limited to, knitting needles, patterns, pins,
17 scissors, sewing machines, sewing needles, tape
18 measures, and thimbles); and sewing materials that
19 become part of clothing (including, but not limited
20 to, buttons, fabric, lace, thread, yarn, and zippers).

21 (2) "Clothing accessories or equipment" means
22 incidental items worn on the person or in conjunction
23 with clothing. "Clothing accessories or equipment"
24 includes, but is not limited to, the following:
25 briefcases; cosmetics; hair notions (including, but
26 not limited to, barrettes, hair bows, and hair nets);
27 handbags; handkerchiefs; jewelry; sunglasses,
28 nonprescription; umbrellas; wallets; watches; and wigs
29 and hairpieces.

30 (3) "Protective equipment" means items for human
31 wear and designed as protection for the wearer against
32 injury or disease or as protection against damage or
33 injury of other persons or property but not suitable
34 for general use. "Protective equipment" includes, but
35 is not limited to, the following: breathing masks;
36 clean room apparel and equipment; ear and hearing
37 protectors; face shields; hard hats; helmets; paint or
38 dust respirators; protective gloves; safety glasses
39 and goggles; safety belts; tool belts; and welders
40 gloves and masks.

41 (4) "Sport or recreational equipment" means items
42 designed for human use and worn in conjunction with an
43 athletic or recreational activity that are not
44 suitable for general use. "Sport or recreational
45 equipment" includes, but is not limited to, the
46 following: ballet and tap shoes; cleated or spiked
47 athletic shoes; gloves (including, but not limited to,
48 baseball, bowling, boxing, hockey, and golf); goggles;
49 hand and elbow guards; life preservers and vests;
50 mouth guards; roller and ice skates; shin guards;

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1 shoulder pads; ski boots; waders; and wetsuits and
2 fins.

3 68. a. Subject to paragraph "b", the sales price
4 from the sale or furnishing of metered gas,
5 electricity, and fuel, including propane and heating
6 oil, to residential customers which is used to provide
7 energy for residential dwellings and units of
8 apartment and condominium complexes used for human
9 occupancy.

10 b. The exemption in this subsection shall be
11 phased in by means of a reduction in the tax rate as
12 follows:

13 (1) If the date of the utility billing or meter
14 reading cycle of the residential customer for the sale
15 or furnishing of metered gas and electricity is on or
16 after January 1, 2002, through December 31, 2002, or
17 if the sale or furnishing of fuel for purposes of
18 residential energy and the delivery of the fuel occurs
19 on or after January 1, 2002, through December 31,
20 2002, the rate of tax is four percent of the sales
21 price.

22 (2) If the date of the utility billing or meter
23 reading cycle of the residential customer for the sale
24 or furnishing of metered gas and electricity is on or
25 after January 1, 2003, through December 31, 2003, or
26 if the sale or furnishing of fuel for purposes of
27 residential energy and the delivery of the fuel occurs
28 on or after January 1, 2003, through December 31,
29 2003, the rate of tax is three percent of the sales
30 price.

31 (3) If the date of the utility billing or meter
32 reading cycle of the residential customer for the sale
33 or furnishing of metered gas and electricity is on or
34 after January 1, 2004, through December 31, 2004, or
35 if the sale or furnishing of fuel for purposes of
36 residential energy and the delivery of the fuel occurs
37 on or after January 1, 2004, through December 31,
38 2004, the rate of tax is two percent of the sales
39 price.

40 (4) If the date of the utility billing or meter
41 reading cycle of the residential customer for the sale
42 or furnishing of metered gas and electricity is on or
43 after January 1, 2005, through December 31, 2005, or
44 if the sale or furnishing of fuel for purposes of
45 residential energy and the delivery of the fuel occurs
46 on or after January 1, 2005, through December 31,
47 2005, the rate of tax is one percent of the sales
48 price.

49 (5) If the date of the utility billing or meter
50 reading cycle of the residential customer for the sale

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1 or furnishing of metered gas and electricity is on or
2 after January 1, 2006, or if the sale, furnishing, or
3 service of fuel for purposes of residential energy and
4 the delivery of the fuel occurs on or after January 1,
5 2006, the rate of tax is zero percent of the sales
6 price.

7 c. The exemption in this subsection does not apply
8 to local option sales and services tax imposed
9 pursuant to chapters 423B and 423E.

10 69. The sales price from charges paid for the
11 delivery of electricity or natural gas if the sale or
12 furnishing of the electricity or natural gas or its
13 use is exempt from the tax on sales prices imposed
14 under this subchapter or from the use tax imposed
15 under subchapter III.

16 70. The sales price from the sales, furnishing, or
17 service of transportation service except the rental of
18 recreational vehicles or recreational boats, except
19 the rental of motor vehicles subject to registration
20 which are registered for a gross weight of thirteen
21 tons or less for a period of sixty days or less, and
22 except the rental of aircraft for a period of sixty
23 days or less. This exemption does not apply to the
24 transportation of electric energy or natural gas.

25 71. The sales price from sales of tangible
26 personal property used or to be used as railroad
27 rolling stock for transporting persons or property, or
28 as materials or parts therefor.

29 72. The sales price from the sales of special fuel
30 for diesel engines consumed or used in the operation
31 of ships, barges, or waterborne vessels which are used
32 primarily in or for the transportation of property or
33 cargo, or the conveyance of persons for hire on rivers
34 bordering on the state if the fuel is delivered by the
35 seller to the purchaser's barge, ship, or waterborne
36 vessel while it is afloat upon such a river.

37 73. The sales price from sales of vehicles subject
38 to registration or subject only to the issuance of a
39 certificate of title and sales of aircraft subject to
40 registration under section 328.20.

41 74. The sales price from the sale of aircraft for
42 use in a scheduled interstate federal aviation
43 administration certificated air carrier operation.

44 75. The sales price from the sale or rental of
45 aircraft; the sale or rental of tangible personal
46 property permanently affixed or attached as a
47 component part of the aircraft, including but not
48 limited to repair or replacement materials or parts;
49 and the sales price of all services used for aircraft
50 repair, remodeling, and maintenance services when such

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1 services are performed on aircraft, aircraft engines,
2 or aircraft component materials or parts. For the
3 purposes of this exemption, "aircraft" means aircraft
4 used in a scheduled interstate federal aviation
5 administration certificated air carrier operation.

6 76. The sales price from the sale or rental of
7 tangible personal property permanently affixed or
8 attached as a component part of the aircraft,
9 including but not limited to repair or replacement
10 materials or parts; and the sales price of all
11 services used for aircraft repair, remodeling, and
12 maintenance services when such services are performed
13 on aircraft, aircraft engines, or aircraft component
14 materials or parts. For the purposes of this
15 exemption, "aircraft" means aircraft used in
16 nonscheduled interstate federal aviation
17 administration certificated air carrier operation
18 operating under 14 C.F.R. ch. 1, pt. 135.

19 77. The sales price from the sale of aircraft to
20 an aircraft dealer who in turn rents or leases the
21 aircraft if all of the following apply:

22 a. The aircraft is kept in the inventory of the
23 dealer for sale at all times.

24 b. The dealer reserves the right to immediately
25 take the aircraft from the renter or lessee when a
26 buyer is found.

27 c. The renter or lessee is aware that the dealer
28 will immediately take the aircraft when a buyer is
29 found.

30 If an aircraft exempt under this subsection is used
31 for any purpose other than leasing or renting, or the
32 conditions in paragraphs "a", "b", and "c" are not
33 continuously met, the dealer claiming the exemption
34 under this subsection is liable for the tax that would
35 have been due except for this subsection. The tax
36 shall be computed upon the original purchase price.

37 78. The sales price from sales or rental of
38 tangible personal property, or services rendered by
39 any entity where the profits from the sales or rental
40 of the tangible personal property, or services
41 rendered are used by or donated to a nonprofit entity
42 which is exempt from federal income taxation pursuant
43 to section 501(c)(3) of the Internal Revenue Code, a
44 government entity, or a nonprofit private educational
45 institution, and where the entire proceeds from the
46 sales, rental, or services are expended for any of the
47 following purposes:

48 a. Educational.

49 b. Religious.

50 c. Charitable. A charitable act is an act done

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1 out of goodwill, benevolence, and a desire to add to
2 or to improve the good of humankind in general or any
3 class or portion of humankind, with no pecuniary
4 profit inuring to the person performing the service or
5 giving the gift.

6 This exemption does not apply to the sales price
7 from games of skill, games of chance, raffles, and
8 bingo games as defined in chapter 99B. This exemption
9 is disallowed on the amount of the sales price only to
10 the extent the profits from the sales, rental, or
11 services are not used by or donated to the appropriate
12 entity and expended for educational, religious, or
13 charitable purposes.

14 79. The sales price from the sale or rental of
15 tangible personal property or from services furnished
16 to a recognized community action agency as provided in
17 section 216A.93 to be used for the purposes of the
18 agency.

19 80. a. For purposes of this subsection,
20 "designated exempt entity" means an entity which is
21 designated in section 423.4, subsection 1.

22 b. If a contractor, subcontractor, or builder is
23 to use building materials, supplies, and equipment in
24 the performance of a construction contract with a
25 designated exempt entity, the person shall purchase
26 such items of tangible personal property without
27 liability for the tax if such property will be used in
28 the performance of the construction contract and a
29 purchasing agent authorization letter and an exemption
30 certificate, issued by the designated exempt entity,
31 are presented to the retailer.

32 c. Where the owner, contractor, subcontractor, or
33 builder is also a retailer holding a retail sales tax
34 permit and transacting retail sales of building
35 materials, supplies, and equipment, the tax shall not
36 be due when materials are withdrawn from inventory for
37 use in construction performed for a designated exempt
38 entity if an exemption certificate is received from
39 such entity.

40 d. Tax shall not apply to tangible personal
41 property purchased and consumed by a manufacturer as
42 building materials, supplies, or equipment in the
43 performance of a construction contract for a
44 designated exempt entity, if a purchasing agent
45 authorization letter and an exemption certificate are
46 received from such entity and presented to a retailer.

47 Sec. __. NEW SECTION. 423.4 REFUNDS.

48 1. A private nonprofit educational institution in
49 this state, nonprofit private museum in this state,
50 tax-certifying or tax-levying body or governmental

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1 subdivision of the state, including the state board of
2 regents, state department of human services, state
3 department of transportation, a municipally owned
4 solid waste facility which sells all or part of its
5 processed waste as fuel to a municipally owned public
6 utility, and all divisions, boards, commissions,
7 agencies, or instrumentalities of state, federal,
8 county, or municipal government which do not have
9 earnings going to the benefit of an equity investor or
10 stockholder, may make application to the department
11 for the refund of the sales or use tax upon the sales
12 price of all sales of goods, wares, or merchandise, or
13 from services furnished to a contractor, used in the
14 fulfillment of a written contract with the state of
15 Iowa, any political subdivision of the state, or a
16 division, board, commission, agency, or
17 instrumentality of the state or a political
18 subdivision, a private nonprofit educational
19 institution in this state, or a nonprofit private
20 museum in this state if the property becomes an
21 integral part of the project under contract and at the
22 completion of the project becomes public property, is
23 devoted to educational uses, or becomes a nonprofit
24 private museum; except goods, wares, or merchandise,
25 or services furnished which are used in the
26 performance of any contract in connection with the
27 operation of any municipal utility engaged in selling
28 gas, electricity, or heat to the general public or in
29 connection with the operation of a municipal pay
30 television system; and except goods, wares, and
31 merchandise used in the performance of a contract for
32 a "project" under chapter 419 as defined in that
33 chapter other than goods, wares, or merchandise used
34 in the performance of a contract for a "project" under
35 chapter 419 for which a bond issue was approved by a
36 municipality prior to July 1, 1968, or for which the
37 goods, wares, or merchandise becomes an integral part
38 of the project under contract and at the completion of
39 the project becomes public property or is devoted to
40 educational uses.

41 a. Such contractor shall state under oath, on
42 forms provided by the department, the amount of such
43 sales of goods, wares, or merchandise, or services
44 furnished and used in the performance of such
45 contract, and upon which sales or use tax has been
46 paid, and shall file such forms with the governmental
47 unit, private nonprofit educational institution, or
48 nonprofit private museum which has made any written
49 contract for performance by the contractor. The forms
50 shall be filed by the contractor with the governmental

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1 unit, educational institution, or nonprofit private
2 museum before final settlement is made.

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

17 Refunds authorized under this subsection shall
18 accrue interest at the rate in effect under section
19 421.7 from the first day of the second calendar month
20 following the date the refund claim is received by the
21 department.

22 c. Any contractor who willfully makes a false
23 report of tax paid under the provisions of this
24 subsection is guilty of a simple misdemeanor and in
25 addition shall be liable for the payment of the tax
26 and any applicable penalty and interest.

27 2. The refund of sales and use tax paid on
28 transportation construction projects let by the state
29 department of transportation is subject to the special
30 provisions of this subsection.

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

36 b. The contractor is not required to file
37 information with the state department of
38 transportation stating the amount of goods, wares, or
39 merchandise, or services rendered, furnished, or
40 performed and used in the performance of the contract
41 or the amount of sales or use tax paid.

42 c. The state department of transportation shall
43 file a refund claim based on a formula that considers
44 the following:

45 (1) The quantity of material to complete the
46 contract, and quantities of items of work.

47 (2) The estimated cost of these materials included
48 in the items of work, and the state sales or use tax
49 to be paid on the tax rate in effect in section 423.2.

50 The quantity of materials shall be determined after

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1 each letting based on the contract quantities of all
2 items of work let to contract. The quantity of
3 individual component materials required for each item
4 shall be determined and maintained in a database. The
5 total quantities of materials shall be determined by
6 multiplying the quantities of component materials for
7 each contract item of work by the total quantities of
8 each contract item for each letting. Where variances
9 exist in the cost of materials, the lowest cost shall
10 be used as the base cost.

11 d. Only the state sales or use tax is refundable.
12 Local option taxes paid by the contractor are not
13 refundable.

14 3. A relief agency may apply to the director for
15 refund of the amount of sales or use tax imposed and
16 paid upon sales to it of any goods, wares,
17 merchandise, or services furnished, used for free
18 distribution to the poor and needy.

19 a. The refunds may be obtained only in the
20 following amounts and manner and only under the
21 following conditions:

22 (1) On forms furnished by the department, and
23 filed within the time as the director shall provide by
24 rule, the relief agency shall report to the department
25 the total amount or amounts, valued in money, expended
26 directly or indirectly for goods, wares, merchandise,
27 or services furnished, used for free distribution to
28 the poor and needy.

29 (2) On these forms the relief agency shall
30 separately list the persons making the sales to it or
31 to its order, together with the dates of the sales,
32 and the total amount so expended by the relief agency.

33 (3) The relief agency must prove to the
34 satisfaction of the director that the person making
35 the sales has included the amount thereof in the
36 computation of the sales price of such person and that
37 such person has paid the tax levied by this subchapter
38 or subchapter III, based upon such computation of the
39 sales price.

40 b. If satisfied that the foregoing conditions and
41 requirements have been complied with, the director
42 shall refund the amount claimed by the relief agency.

43 SUBCHAPTER III

44 USE TAX

45 Sec. __. NEW SECTION. 423.5 IMPOSITION OF TAX.

46 An excise tax at the rate of five percent of the
47 purchase price or installed purchase price is imposed
48 on the following:

49 1. The use in this state of tangible personal
50 property as defined in section 423.1, including

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1 aircraft subject to registration under section 328.20,
2 purchased for use in this state. For the purposes of
3 this subchapter, the furnishing or use of the
4 following services is also treated as the use of
5 tangible personal property: optional service or
6 warranty contracts, except residential service
7 contracts regulated under chapter 523C, vulcanizing,
8 recapping, or retreading services, engraving,
9 photography, retouching, printing, or binding
10 services, and communication service when furnished or
11 delivered to consumers or users within this state.

12 2. The use of manufactured housing in this state,
13 on the purchase price if the manufactured housing is
14 sold in the form of tangible personal property or on
15 the installed purchase price if the manufactured
16 housing is sold in the form of realty.

17 3. The use of leased vehicles, on the amount
18 subject to tax as calculated pursuant to section
19 423.27.

20 4. Purchases of tangible personal property made
21 from the government of the United States or any of its
22 agencies by ultimate consumers shall be subject to the
23 tax imposed by this section. Services purchased from
24 the same source or sources shall be subject to the
25 service tax imposed by this subchapter and apply to
26 the user of the services.

27 5. The use in this state of services enumerated in
28 section 423.2. This tax is applicable where services
29 are furnished in this state or where the product or
30 result of the service is used in this state.

31 6. The excise tax is imposed upon every person
32 using the property within this state until the tax has
33 been paid directly to the county treasurer, the state
34 department of transportation, a retailer, or the
35 department. This tax is imposed on every person using
36 the services or the product of the services in this
37 state until the user has paid the tax either to an
38 Iowa use tax permit holder or to the department.

39 7. For the purpose of the proper administration of
40 the use tax and to prevent its evasion, evidence that
41 tangible personal property was sold by any person for
42 delivery in this state shall be prima facie evidence
43 that such tangible personal property was sold for use
44 in this state.

45 Sec. __. NEW SECTION. 423.6 EXEMPTIONS.

46 The use in this state of the following tangible
47 personal property and services is exempted from the
48 tax imposed by this subchapter:

49 1. Tangible personal property and enumerated
50 services, the sales price from the sale of which are

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1 required to be included in the measure of the sales
2 tax, if that tax has been paid to the department or
3 the retailer. This exemption does not include
4 vehicles subject to registration or subject only to
5 the issuance of a certificate of title.

6 2. The sale of tangible personal property or the
7 furnishing of services in the regular course of
8 business.

9 3. Property used in processing. The use of
10 property in processing within the meaning of this
11 subsection shall mean and include any of the
12 following:

13 a. Any tangible personal property including
14 containers which it is intended shall, by means of
15 fabrication, compounding, manufacturing, or
16 germination, become an integral part of other tangible
17 personal property intended to be sold ultimately at
18 retail, and containers used in the collection,
19 recovery, or return of empty beverage containers
20 subject to chapter 455C.

21 b. Fuel which is consumed in creating power, heat,
22 or steam for processing or for generating electric
23 current.

24 c. Chemicals, solvents, sorbents, or reagents,
25 which are directly used and are consumed, dissipated,
26 or depleted in processing tangible personal property
27 which is intended to be sold ultimately at retail, and
28 which may not become a component or integral part of
29 the finished product.

30 d. The distribution to the public of free
31 newspapers or shoppers guides shall be deemed a retail
32 sale for purposes of the processing exemption in this
33 subsection.

34 4. All articles of tangible personal property
35 brought into the state of Iowa by a nonresident
36 individual for the individual's use or enjoyment while
37 within the state.

38 5. Services exempt from taxation by the provisions
39 of section 423.3.

40 6. Tangible personal property or services the
41 sales price of which is exempt from the sales tax
42 under section 423.3, except subsections 39 and 73, as
43 it relates to the sale, but not the lease or rental,
44 of vehicles subject to registration or subject only to
45 the issuance of a certificate of title and as it
46 relates to aircraft subject to registration under
47 section 328.20.

48 7. Advertisement and promotional material and
49 matter, seed catalogs, envelopes for same, and other
50 similar material temporarily stored in this state

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1 which are acquired outside of Iowa and which,
2 subsequent to being brought into this state, are sent
3 outside of Iowa, either singly or physically attached
4 to other tangible personal property sent outside of
5 Iowa.

6 8. Vehicles, as defined in section 321.1,
7 subsections 41, 64A, 71, 85, and 88, except such
8 vehicles subject to registration which are designed
9 primarily for carrying persons, when purchased for
10 lease and actually leased to a lessee for use outside
11 the state of Iowa and the subsequent sole use in Iowa
12 is in interstate commerce or interstate
13 transportation.

14 9. Tangible personal property which, by means of
15 fabrication, compounding, or manufacturing, becomes an
16 integral part of vehicles, as defined in section
17 321.1, subsections 41, 64A, 71, 85, and 88,
18 manufactured for lease and actually leased to a lessee
19 for use outside the state of Iowa and the subsequent
20 sole use in Iowa is in interstate commerce or
21 interstate transportation. Vehicles subject to
22 registration which are designed primarily for carrying
23 persons are excluded from this subsection.

24 10. Vehicles subject to registration which are
25 transferred from a business or individual conducting a
26 business within this state as a sole proprietorship,
27 partnership, or limited liability company to a
28 corporation formed by the sole proprietorship,
29 partnership, or limited liability company for the
30 purpose of continuing the business when all of the
31 stock of the corporation so formed is owned by the
32 sole proprietor and the sole proprietor's spouse, by
33 all the partners in the case of a partnership, or by
34 all the members in the case of a limited liability
35 company. This exemption is equally available where
36 the vehicles subject to registration are transferred
37 from a corporation to a sole proprietorship,
38 partnership, or limited liability company formed by
39 that corporation for the purpose of continuing the
40 business when all of the incidents of ownership are
41 owned by the same person or persons who were
42 stockholders of the corporation.

43 This exemption also applies where the vehicles
44 subject to registration are transferred from a
45 corporation as part of the liquidation of the
46 corporation to its stockholders if within three months
47 of such transfer the stockholders retransfer those
48 vehicles subject to registration to a sole
49 proprietorship, partnership, or limited liability
50 company for the purpose of continuing the business of

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1 the corporation when all of the incidents of ownership
2 are owned by the same person or persons who were
3 stockholders of the corporation.

4 11. Vehicles registered or operated under chapter
5 326 and used substantially in interstate commerce,
6 section 423.5, subsection 7, notwithstanding. For
7 purposes of this subsection, "substantially in
8 interstate commerce" means that a minimum of twenty-
9 five percent of the miles operated by the vehicle
10 accrues in states other than Iowa. This subsection
11 applies only to vehicles which are registered for a
12 gross weight of thirteen tons or more.

13 For purposes of this subsection, trailers and
14 semitrailers registered or operated under chapter 326
15 are deemed to be used substantially in interstate
16 commerce and to be registered for a gross weight of
17 thirteen tons or more.

18 For the purposes of this subsection, if a vehicle
19 meets the requirement that twenty-five percent of the
20 miles operated accrues in states other than Iowa in
21 each year of the first four-year period of operation,
22 the exemption from use tax shall continue until the
23 vehicle is sold or transferred. If the vehicle is
24 found to have not met the exemption requirements or
25 the exemption was revoked, the value of the vehicle
26 upon which the use tax shall be imposed is the book or
27 market value, whichever is less, at the time the
28 exemption requirements were not met or the exemption
29 was revoked.

30 12. Mobile homes and manufactured housing the use
31 of which has previously been subject to the tax
32 imposed under this subchapter and for which that tax
33 has been paid.

34 13. Mobile homes to the extent of the portion of
35 the purchase price of the mobile home which is not
36 attributable to the cost of the tangible personal
37 property used in the processing of the mobile home,
38 and manufactured housing to the extent of the purchase
39 price or the installed purchase price of the
40 manufactured housing which is not attributable to the
41 cost of the tangible personal property used in the
42 processing of the manufactured housing. For purposes
43 of this exemption, the portion of the purchase price
44 which is not attributable to the cost of the tangible
45 personal property used in the processing of the mobile
46 home is forty percent and the portion of the purchase
47 price or installed purchase price which is not
48 attributable to the cost of the tangible personal
49 property used in the processing of the manufactured
50 housing is forty percent.

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1 14. Tangible personal property used or to be used
2 as a ship, barge, or waterborne vessel which is used
3 or to be used primarily in or for the transportation
4 of property or cargo for hire on the rivers bordering
5 the state or as materials or parts of such ship,
6 barge, or waterborne vessel.

7 15. Vehicles subject to registration in any state
8 when purchased for rental or registered and titled by
9 a motor vehicle dealer licensed pursuant to chapter
10 322 for rental use, and held for rental for a period
11 of one hundred twenty days or more and actually rented
12 for periods of sixty days or less by a person
13 regularly engaged in the business of renting vehicles
14 including, but not limited to, motor vehicle dealers
15 licensed pursuant to chapter 322 who rent automobiles
16 to users, if the rental of the vehicles is subject to
17 taxation under chapter 423C.

18 16. Motor vehicles subject to registration which
19 were registered and titled between July 1, 1982, and
20 July 1, 1992, to a motor vehicle dealer licensed under
21 chapter 322 and which were rented to a user as defined
22 in section 423C.2 if the following occurred:

23 a. The dealer kept the vehicle on the inventory of
24 vehicles for sale at all times.

25 b. The vehicle was to be immediately taken from
26 the user of the vehicle when a buyer was found.

27 c. The user was aware of this situation.

28 17. Vehicles subject to registration under chapter
29 321, with a gross vehicle weight rating of less than
30 sixteen thousand pounds, excluding motorcycles and
31 motorized bicycles, when purchased for lease and
32 titled by the lessor licensed pursuant to chapter 321F
33 and actually leased for a period of twelve months or
34 more if the lease of the vehicle is subject to
35 taxation under section 423.27.

36 A lessor may maintain the exemption from use tax
37 under this subsection for a qualifying lease that
38 terminates at the conclusion or prior to the
39 contracted expiration date, if the lessor does not use
40 the vehicle for any purpose other than for lease.
41 Once the vehicle is used by the lessor for a purpose
42 other than for lease, the exemption from use tax under
43 this subsection no longer applies and, unless there is
44 an exemption from the use tax, use tax is due on the
45 fair market value of the vehicle determined at the
46 time the lessor uses the vehicle for a purpose other
47 than for lease, payable to the department. If the
48 lessor holds the vehicle exclusively for sale, use tax
49 is due and payable on the purchase price of the
50 vehicle at the time of purchase pursuant to this

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1 subchapter.

2 18. Aircraft for use in a scheduled interstate
3 federal aviation administration certificated air
4 carrier operation.

5 19. Aircraft; tangible personal property
6 permanently affixed or attached as a component part of
7 the aircraft, including but not limited to repair or
8 replacement materials or parts; and all services used
9 for aircraft repair, remodeling, and maintenance
10 services when such services are performed on aircraft,
11 aircraft engines, or aircraft component materials or
12 parts. For the purposes of this exemption, "aircraft"
13 means aircraft used in a scheduled interstate federal
14 aviation administration certificated air carrier
15 operation.

16 20. Tangible personal property permanently affixed
17 or attached as a component part of the aircraft,
18 including but not limited to repair or replacement
19 materials or parts; and all services used for aircraft
20 repair, remodeling, and maintenance services when such
21 services are performed on aircraft, aircraft engines,
22 or aircraft component materials or parts. For the
23 purposes of this exemption, "aircraft" means aircraft
24 used in a nonscheduled interstate federal aviation
25 administration certificated air carrier operation
26 operating under 14 C.F.R., ch. 1, pt. 135.

27 21. Aircraft sold to an aircraft dealer who in
28 turn rents or leases the aircraft if all of the
29 following apply:

30 a. The aircraft is kept in the inventory of the
31 dealer for sale at all times.

32 b. The dealer reserves the right to immediately
33 take the aircraft from the renter or lessee when a
34 buyer is found.

35 c. The renter or lessee is aware that the dealer
36 will immediately take the aircraft when a buyer is
37 found.

38 If an aircraft exempt under this subsection is used
39 for any purpose other than leasing or renting, or the
40 conditions in paragraphs "a", "b", and "c" are not
41 continuously met, the dealer claiming the exemption
42 under this subsection is liable for the tax that would
43 have been due except for this subsection. The tax
44 shall be computed upon the original purchase price.

45 22. The use in this state of building materials,
46 supplies, or equipment, the sale or use of which is
47 not treated as a retail sale or a sale at retail under
48 section 423.2, subsection 1.

49 23. Exempted from the purchase price of any
50 vehicle subject to registration is:

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1 a. The amount of any cash rebate which is provided
2 by a motor vehicle manufacturer to the purchaser of
3 the vehicle subject to registration so long as the
4 rebate is applied to the purchase price of the
5 vehicle.

6 b. In a transaction between persons, neither of
7 which is a retailer of vehicles subject to
8 registration, in which a vehicle subject to
9 registration is traded toward the purchase price of
10 another vehicle subject to registration, the amount of
11 the trade-in value allowed on the vehicle subject to
12 registration traded.

13 SUBCHAPTER IV
14 UNIFORM SALES AND USE TAX ADMINISTRATION ACT

15 Sec. __. NEW SECTION. 423.7 TITLE.

16 This subchapter shall be known and may be cited as
17 the "Uniform Sales and Use Tax Administration Act".

18 Sec. __. NEW SECTION. 423.8 LEGISLATIVE FINDING
19 AND INTENT.

20 The general assembly finds that Iowa should enter
21 into an agreement with one or more states to simplify
22 and modernize sales and use tax administration in
23 order to substantially reduce the burden of tax
24 compliance for all sellers and for all types of
25 commerce. It is the intent of the general assembly
26 that entering into this agreement will lead to
27 simplification and modernization of the sales and use
28 tax law and not to the imposition of new taxes or an
29 increase or decrease in the existing number of
30 exemptions, unless such a result is unavoidable under
31 the terms of the agreement.

32 Sec. __. NEW SECTION. 423.9 AUTHORITY TO ENTER
33 AGREEMENT AND TO REPRESENT THE STATE.

34 The director is authorized and directed to enter
35 into the streamlined sales and use tax agreement with
36 one or more states to simplify and modernize sales and
37 use tax administration in order to substantially
38 reduce the burden of tax compliance for all sellers
39 and for all types of commerce.

40 The director is further authorized to take other
41 actions reasonably required to implement the
42 provisions set forth in this chapter. Other actions
43 authorized by this section include, but are not
44 limited to, the adoption of rules and the joint
45 procurement, with other member states, of goods and
46 services in furtherance of the cooperative agreement.

47 The director or the director's designee is
48 authorized to be a member of the governing board
49 established pursuant to the agreement and to represent
50 Iowa before that body.

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1 Sec. __. NEW SECTION. 423.10 RELATIONSHIP TO
2 STATE LAW.

3 Entry into the agreement by the director does not
4 amend or modify any law of this state. Implementation
5 of any condition of the agreement in this state,
6 whether adopted before, at, or after membership of
7 this state in the agreement, shall be by action of the
8 general assembly.

9 Sec. __. NEW SECTION. 423.11 AGREEMENT
10 REQUIREMENTS.

11 The director shall not enter into the agreement
12 unless the agreement requires each state to abide by
13 the following requirements:

14 1. UNIFORM STATE RATE. The agreement must set
15 restrictions to achieve more uniform state rates
16 through the following:

- 17 a. Limiting the number of state rates.
- 18 b. Limiting the application of maximums on the
19 amount of state tax that is due on a transaction.
- 20 c. Limiting the application of thresholds on the
21 application of state tax.

22 2. UNIFORM STANDARDS. The agreement must
23 establish uniform standards for the following:

- 24 a. The sourcing of transactions to taxing
25 jurisdictions.
- 26 b. The administration of exempt sales.
- 27 c. The allowances a seller can take for bad debts.
- 28 d. Sales and use tax returns and remittances.

29 3. UNIFORM DEFINITIONS. The agreement must
30 require states to develop and adopt uniform
31 definitions of sales and use tax terms. The
32 definitions must enable a state to preserve its
33 ability to make policy choices not inconsistent with
34 the uniform definitions.

35 4. CENTRAL REGISTRATION. The agreement must
36 provide a central, electronic registration system that
37 allows a seller to register to collect and remit sales
38 and use taxes for all member states.

39 5. NO NEXUS ATTRIBUTION. The agreement must
40 provide that registration with the central
41 registration system and the collection of sales and
42 use taxes in the member states must not be used as a
43 factor in determining whether the seller has nexus
44 with a state for any tax.

45 6. LOCAL SALES AND USE TAXES. The agreement must
46 provide for reduction of the burdens of complying with
47 local sales and use taxes through the following:

- 48 a. Restricting variances between the state and
49 local tax bases.
- 50 b. Requiring states to administer any sales and

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1 use taxes levied by local jurisdictions within the
2 state so that sellers collecting and remitting these
3 taxes must not have to register or file returns with,
4 remit funds to, or be subject to independent audits
5 from local taxing jurisdictions.
6 c. Restricting the frequency of changes in the
7 local sales and use tax rates and setting effective
8 dates for the application of local jurisdictional
9 boundary changes to local sales and use taxes.
10 d. Providing notice of changes in local sales and
11 use tax rates and of changes in the boundaries of
12 local taxing jurisdictions.
13 7. MONETARY ALLOWANCES. The agreement must
14 outline any monetary allowances that are to be
15 provided by the states to sellers or certified service
16 providers.
17 8. STATE COMPLIANCE. The agreement must require
18 each state to certify compliance with the terms of the
19 agreement prior to joining and to maintain compliance,
20 under the laws of the member state, with all
21 provisions of the agreement while a member.
22 9. CONSUMER PRIVACY. The agreement must require
23 each state to adopt a uniform policy for certified
24 service providers that protects the privacy of
25 consumers and maintains the confidentiality of tax
26 information.
27 10. ADVISORY COUNCILS. The agreement must provide
28 for the appointment of an advisory council of private
29 sector representatives and an advisory council of
30 nonmember state representatives to consult with in the
31 administration of the agreement.
32 Sec. __. NEW SECTION. 423.12 LIMITED BINDING
33 AND BENEFICIAL EFFECT.
34 1. The agreement binds and inures only to the
35 benefit of Iowa and the other member states. A
36 person, other than a member state, is not an intended
37 beneficiary of the agreement. Any benefit to a person
38 other than a member state is established by the law of
39 Iowa and not by the terms of the agreement.
40 2. A person shall not have any cause of action or
41 defense under the agreement or by virtue of this
42 state's entry into the agreement. A person may not
43 challenge, in any action brought under any provision
44 of law, any action or inaction by any department,
45 agency, or other instrumentality of this state, or any
46 political subdivision of this state on the ground that
47 the action or inaction is inconsistent with the
48 agreement.
49 3. A law of this state, or the application of it,
50 shall not be declared invalid as to any such person or

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1 circumstance on the ground that the provision or
2 application is inconsistent with the agreement.

3 SUBCHAPTER V

4 SALES AND USE TAX ACT – ADMINISTRATION OF
5 RETAILERS NOT REGISTERED UNDER THE AGREEMENT AND OF
6 CONSUMERS OBLIGATED TO PAY USE TAX DIRECTLY

7 Sec. __. NEW SECTION. 423.13 PURPOSE OF THIS
8 SUBCHAPTER.

9 The purpose of this subchapter is to provide for
10 the administration and collection of sales or use tax
11 on the part of retailers who are not registered under
12 the agreement and for the collection of use tax on the
13 part of consumers who are obligated to pay that tax
14 directly. Any application of the sections of this
15 subchapter to retailers registered under the agreement
16 is only by way of incorporation by reference into
17 subchapter VI of this chapter.

18 Sec. __. NEW SECTION. 423.14 SALES AND USE TAX
19 COLLECTION.

20 1. a. Sales tax, other than that described in
21 paragraph "c", shall be collected by sellers who are
22 retailers or by their agents. Sellers or their agents
23 shall, as far as practicable, add the sales tax, or
24 the average equivalent thereof, to the sales price or
25 charge, less trade-ins allowed and taken and when
26 added such tax shall constitute a part of the sales
27 price or charge, shall be a debt from consumer or user
28 to seller or agent until paid, and shall be
29 recoverable at law in the same manner as other debts.

30 b. In computing the tax to be collected as the
31 result of any transaction, the tax computation must be
32 carried to the third decimal place. Whenever the
33 third decimal place is greater than four, the tax must
34 be rounded up to the next whole cent; whenever the
35 third decimal place is four or less, the tax must be
36 rounded downward to a whole cent. Sellers may elect
37 to compute the tax due on transactions on an item or
38 invoice basis. Sellers are not required to use a
39 bracket system.

40 c. The tax imposed upon those sales of motor
41 vehicle fuel which are subject to tax and refund under
42 chapter 452A shall be collected by the state treasurer
43 by way of deduction from refunds otherwise allowable
44 under that chapter. The treasurer shall transfer the
45 amount of such deductions from the motor vehicle fuel
46 tax fund to the special tax fund.

47 2. Use tax shall be collected in the following
48 manner:

49 a. The tax upon the use of all vehicles subject to
50 registration or subject only to the issuance of a

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1 certificate of title or the tax upon the use of
2 manufactured housing shall be collected by the county
3 treasurer or the state department of transportation
4 pursuant to sections 423.26 and 423.27. The county
5 treasurer shall retain one dollar from each tax
6 payment collected, to be credited to the county
7 general fund.

8 b. The tax upon the use of all tangible personal
9 property other than that enumerated in paragraph "a",
10 which is sold by a seller who is a retailer
11 maintaining a place of business in this state, or by
12 such other retailer or agent as the director shall
13 authorize pursuant to section 423.30, shall be
14 collected by the retailer or agent and remitted to the
15 department, pursuant to the provisions of paragraph
16 "e", and sections 423.24, 423.29, 423.30, 423.32, and
17 423.33.

18 c. The tax upon the use of all tangible personal
19 property not paid pursuant to paragraphs "a" and "b"
20 shall be paid to the department directly by any person
21 using the property within this state, pursuant to the
22 provisions of section 423.34.

23 d. The tax imposed on the use of services
24 enumerated in section 423.5 shall be collected,
25 remitted, and paid to the department of revenue and
26 finance in the same manner as use tax on tangible
27 personal property is collected, remitted, and paid
28 under this subchapter.

29 e. All persons obligated by paragraph "a", "b", or
30 "d", to collect use tax shall, as far as practicable,
31 add that tax, or the average equivalent thereof, to
32 the purchase price, less trade-ins allowed and taken,
33 and when added the tax shall constitute a part of the
34 purchase price. Use tax which this section requires
35 to be collected by a retailer and any tax collected
36 pursuant to this section by a retailer shall
37 constitute a debt owed by the retailer to this state.
38 Tax which must be paid directly to the department,
39 pursuant to paragraph "c" or "d", is to be computed
40 and added by the consumer or user to the purchase
41 price in the same manner as this paragraph requires a
42 seller to compute and add the tax. The tax shall be a
43 debt from the consumer or user to the department until
44 paid, and shall be recoverable at law in the same
45 manner as other debts.

46 Sec. . NEW SECTION. 423.15 GENERAL SOURCING
47 RULES.

48 All sellers obligated to collect Iowa sales or use
49 tax shall use the standards set out in this section to
50 determine where sales of products occur, excluding

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1 sales enumerated in section 423.16. These provisions
2 apply regardless of the characterization of a product
3 as tangible personal property, a digital good, or a
4 service, excluding telecommunications services. This
5 section only applies to determine a seller's
6 obligation to pay or collect and remit a sales or use
7 tax with respect to the seller's sale of a product.
8 This section does not affect the obligation of a
9 purchaser or lessee to remit tax on the use of the
10 product to the taxing jurisdictions in which the use
11 occurs. A seller's obligation to collect Iowa sales
12 tax or Iowa use tax only occurs if the sale is sourced
13 to this state. The application of whether Iowa sales
14 tax applies to sales sourced to Iowa depends upon
15 where the sale is consummated by delivery.

16 1. Sales, excluding leases or rentals other than
17 leases or rentals set out in subsection 2, of products
18 shall be sourced as follows.

19 a. When the product is received by the purchaser
20 at a business location of the seller, the sale is
21 sourced to that business location.

22 b. When the product is not received by the
23 purchaser at a business location of the seller, the
24 sale is sourced to the location where receipt by the
25 purchaser or the purchaser's donee, designated as such
26 by the purchaser, occurs, including the location
27 indicated by instructions for delivery to the
28 purchaser or donee, known to the seller.

29 c. When paragraphs "a" and "b" do not apply, the
30 sale is sourced to the location indicated by an
31 address for the purchaser that is available from the
32 business records of the seller that are maintained in
33 the ordinary course of the seller's business when use
34 of this address does not constitute bad faith.

35 d. When paragraphs "a", "b", and "c" do not apply,
36 the sale is sourced to the location indicated by an
37 address for the purchaser obtained during the
38 consummation of the sale, including the address of a
39 purchaser's payment instrument, if no other address is
40 available, when use of this address does not
41 constitute bad faith.

42 e. When paragraphs "a", "b", "c", and "d" do not
43 apply, including the circumstance where the seller is
44 without sufficient information to apply the previous
45 rules, then the location will be determined by the
46 address from which tangible personal property was
47 shipped, from which the digital good or the computer
48 software delivered electronically was first available
49 for transmission by the seller, or from which the
50 service was provided disregarding for these purposes

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1 any location that merely provided the digital transfer
2 of the product sold.

3 2. The lease or rental of tangible personal
4 property, other than property identified in subsection
5 3 or section 423.16, shall be sourced as follows:

6 a. For a lease or rental that requires recurring
7 periodic payments, the first periodic payment is
8 sourced the same as a retail sale in accordance with
9 the provisions of subsection 1. Periodic payments
10 made subsequent to the first payment are sourced to
11 the primary property location for each period covered
12 by the payment. The primary property location shall
13 be as indicated by an address for the property
14 provided by the lessee that is available to the lessor
15 from its records maintained in the ordinary course of
16 business, when use of this address does not constitute
17 bad faith. The property location shall not be altered
18 by intermittent use at different locations, such as
19 use of business property that accompanies employees on
20 business trips and service calls.

21 b. For a lease or rental that does not require
22 recurring periodic payments, the payment is sourced
23 the same as a retail sale in accordance with the
24 provisions of subsection 1.

25 c. This subsection does not affect the imposition
26 or computation of sales or use tax on leases or
27 rentals based on a lump sum or accelerated basis, or
28 on the acquisition of property for lease.

29 3. The retail sale, including lease or rental, of
30 transportation equipment shall be sourced the same as
31 a retail sale in accordance with the provisions of
32 subsection 1, notwithstanding the exclusion of lease
33 or rental in that subsection. "Transportation
34 equipment" means any of the following:

35 a. Locomotives or railcars that are utilized for
36 the carriage of persons or property in interstate
37 commerce.

38 b. Trucks and truck-tractors with a gross vehicle
39 weight rating of ten thousand one pounds or greater,
40 trailers, semitrailers, or passenger buses that meet
41 both of the following requirements:

42 (1) Are registered through the international
43 registration plan.

44 (2) Are operated under authority of a carrier
45 authorized and certificated by the United States
46 department of transportation or another federal
47 authority to engage in the carriage of persons or
48 property in interstate commerce.

49 c. Aircraft that are operated by air carriers
50 authorized and certificated by the United States

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1 department of transportation or another federal or a
2 foreign authority to engage in the carriage of persons
3 or property in interstate or foreign commerce.

4 d. Containers designed for use on and component
5 parts attached or secured on the items set forth in
6 paragraphs "a" through "c".

7 Sec. __. NEW SECTION. 423.16 TRANSACTIONS TO
8 WHICH THE GENERAL SOURCING RULES DO NOT APPLY.

9 Section 423.15 does not apply to sales or use taxes
10 levied on the following:

11 1. The retail sale or transfer of watercraft,
12 modular homes, manufactured housing, or mobile homes,
13 and the retail sale, excluding lease or rental, of
14 motor vehicles, trailers, semitrailers, or aircraft
15 that do not qualify as transportation equipment, as
16 defined in section 423.15, subsection 3.

17 2. The lease or rental of motor vehicles,
18 trailers, semitrailers, or aircraft that do not
19 qualify as transportation equipment, as defined in
20 section 423.15, subsection 3, which shall be sourced
21 in accordance with section 423.17.

22 3. Transactions to which the multiple points use
23 exemption is applicable, which shall be sourced in
24 accordance with section 423.18.

25 4. Transactions to which direct mail sourcing is
26 applicable, which shall be sourced in accordance with
27 section 423.19.

28 5. Telecommunications services, as set out in
29 section 423.20, which shall be sourced in accordance
30 with section 423.20, subsection 2.

31 Sec. __. NEW SECTION. 423.17 SOURCING RULES FOR
32 VARIOUS TYPES OF LEASED OR RENTED EQUIPMENT WHICH IS
33 NOT TRANSPORTATION EQUIPMENT.

34 The lease or rental of motor vehicles, trailers,
35 semitrailers, or aircraft that do not qualify as
36 transportation equipment, as defined in section
37 423.15, subsection 3, shall be sourced as follows:

38 1. For a lease or rental that requires recurring
39 periodic payments, each periodic payment is sourced to
40 the primary property location. The primary property
41 location shall be as indicated by an address for the
42 property provided by the lessee that is available to
43 the lessor from its records maintained in the ordinary
44 course of business, when use of this address does not
45 constitute bad faith. This location shall not be
46 altered by intermittent use at different locations.

47 2. For a lease or rental that does not require
48 recurring periodic payments, the payment is sourced
49 the same as a retail sale in accordance with the
50 provisions of section 423.15, subsection 1.

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1 3. This section does not affect the imposition or
2 computation of sales or use tax on leases or rentals
3 based on a lump sum or accelerated basis, or on the
4 acquisition of property for lease.

5 Sec. __. NEW SECTION. 423.18 MULTIPLE POINTS OF
6 USE EXEMPTION FORMS.

7 A business purchaser that is not a holder of a
8 direct pay tax permit pursuant to section 423.36 that
9 knows at the time of its purchase of a digital good,
10 computer software delivered electronically, or a
11 service that the digital good, computer software
12 delivered electronically, or service will be
13 concurrently available for use in more than one
14 jurisdiction shall deliver to the seller in
15 conjunction with its purchase a "multiple points of
16 use" or "MPU" exemption form disclosing this fact.

17 1. Upon receipt of the MPU exemption form, the
18 seller is relieved of all obligation to collect, pay,
19 or remit the applicable tax and the purchaser shall be
20 obligated to collect, pay, or remit the applicable tax
21 on a direct pay basis.

22 2. A purchaser delivering the MPU exemption form
23 may use any reasonable, but consistent and uniform,
24 method of apportionment that is supported by the
25 purchaser's business records as they exist at the time
26 of the consummation of the sale.

27 3. The MPU exemption form will remain in effect
28 for all future sales by the seller to the purchaser
29 except as to the subsequent sale's specific
30 apportionment that is governed by the principle of
31 subsection 2 and the facts existing at the time of the
32 sale until it is revoked in writing.

33 4. A holder of a direct pay tax permit under
34 section 423.36 shall not be required to deliver an MPU
35 exemption form to the seller. A direct pay tax permit
36 holder shall follow the provisions of subsection 2 in
37 apportioning the tax due on a digital good, computer
38 software delivered electronically, or service that
39 will be concurrently available for use in more than
40 one jurisdiction.

41 Sec. __. NEW SECTION. 423.19 DIRECT MAIL
42 SOURCING.

43 1. Notwithstanding section 423.15, a purchaser of
44 direct mail that is not a holder of a direct pay tax
45 permit pursuant to section 423.36 shall provide to the
46 seller in conjunction with the purchase either a
47 direct mail form or information to show the
48 jurisdictions to which the direct mail is delivered to
49 recipients.

50 a. Upon receipt of the direct mail form, the

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1 seller is relieved of all obligations to collect, pay,
2 or remit the applicable tax and the purchaser is
3 obligated to pay or remit the applicable tax on a
4 direct pay basis. A direct mail form shall remain in
5 effect for all future sales of direct mail by the
6 seller to the purchaser until it is revoked in
7 writing.

8 b. Upon receipt of information from the purchaser
9 showing the jurisdictions to which the direct mail is
10 delivered to recipients, the seller shall collect the
11 tax according to the delivery information provided by
12 the purchaser. In the absence of bad faith, the
13 seller is relieved of any further obligation to
14 collect tax on any transaction where the seller has
15 collected tax pursuant to the delivery information
16 provided by the purchaser.

17 2. If the purchaser of direct mail does not have a
18 direct pay tax permit and does not provide the seller
19 with either a direct mail form or delivery
20 information, as required by subsection 1, the seller
21 shall collect the tax according to section 423.15,
22 subsection 1, paragraph "e". Nothing in this
23 subsection shall limit a purchaser's obligation for
24 sales or use tax to any state to which the direct mail
25 is delivered.

26 3. If a purchaser of direct mail provides the
27 seller with documentation of direct pay authority, the
28 purchaser shall not be required to provide a direct
29 mail form or delivery information to the seller.

30 Sec. . NEW SECTION. 423.20 TELECOMMUNICATIONS
31 SERVICE SOURCING.

32 1. As used in this section:

33 a. "Air-to-ground radiotelephone service" means a
34 radio service, as that term is used in 47 C.F.R. }
35 22.99, in which common carriers are authorized to
36 offer and provide radio telecommunications service for
37 hire to subscribers in aircraft.

38 b. "Call-by-call basis" means any method of
39 charging for the telecommunications service where the
40 price is measured by individual calls.

41 c. "Communications channel" means a physical or
42 virtual path of communications over which signals are
43 transmitted between or among customer channel
44 termination points.

45 d. "Customer" means the person or entity that
46 contracts with the seller of the telecommunications
47 service. If the end user of the telecommunications
48 service is not the contracting party, the end user of
49 the telecommunications service is the customer of the
50 telecommunications service, but this sentence only

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1 applies for the purpose of sourcing sales of the
2 telecommunications service under this section.
3 "Customer" does not include a reseller of a
4 telecommunications service or for mobile
5 telecommunications service of a serving carrier under
6 an agreement to serve the customer outside the home
7 service provider's licensed service area.
8 e. "Customer channel termination point" means the
9 location where the customer either inputs or receives
10 the communications.
11 f. "End user" means the person who utilizes the
12 telecommunications service. In the case of an entity,
13 "end user" means the individual who utilizes the
14 service on behalf of the entity.
15 g. "Home service provider" means the same as that
16 term is defined in the federal Mobile
17 Telecommunications Sourcing Act, Pub. L. No. 106-252,
18 4 U.S.C. § 124(5).
19 h. "Mobile telecommunications service" means the
20 same as that term is defined in federal Mobile
21 Telecommunications Sourcing Act, Pub. L. No. 106-252,
22 4 U.S.C. § 124(7).
23 i. "Place of primary use" means the street address
24 representative of where the customer's use of the
25 telecommunications service primarily occurs, which
26 must be the residential street address or the primary
27 business street address of the customer. In the case
28 of mobile telecommunications service, "place of
29 primary use" must be within the licensed service area
30 of the home service provider.
31 j. "Postpaid calling service" means the
32 telecommunications service obtained by making a
33 payment on a call-by-call basis either through the use
34 of a credit card or payment mechanism such as a bank
35 card, travel card, credit card, or debit card, or by
36 charge made to a telephone number which is not
37 associated with the origination or termination of the
38 telecommunications service. A "postpaid calling
39 service" includes a telecommunications service that
40 would be a prepaid calling service except it is not
41 exclusively a telecommunications service.
42 k. "Prepaid calling service" means the right to
43 access exclusively telecommunications services, which
44 must be paid for in advance and which enables the
45 origination of calls using an access number or
46 authorization code, whether manually or electronically
47 dialed, and that is sold in predetermined units or
48 dollars of which the amount declines with use in a
49 known amount.
50 l. "Private communication service" means a

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1 telecommunications service that entitles the customer
2 to exclusive or priority use of a communications
3 channel or group of channels between or among
4 termination points, regardless of the manner in which
5 such channel or channels are connected, and includes
6 switching capacity, extension lines, stations, and any
7 other associated services that are provided in
8 connection with the use of such channel or channels.

9 m. "Service address" means one of the following:

10 (1) The location of the telecommunications
11 equipment to which a customer's call is charged and
12 from which the call originates or terminates,
13 regardless of where the call is billed or paid.

14 (2) If the location in subparagraph (1) is not
15 known, "service address" means the origination point
16 of the signal of the telecommunications service first
17 identified by either the seller's telecommunications
18 system or in information received by the seller from
19 its service provider, where the system used to
20 transport such signals is not that of the seller.

21 (3) If the locations in subparagraphs (1) and (2)
22 are not known, the "service address" means the
23 location of the customer's place of primary use.

24 2. Sales of telecommunications services shall be
25 sourced in the following manner:

26 a. Except for the defined telecommunications
27 services in paragraph "c", the sale of
28 telecommunications services sold on a call-by-call
29 basis shall be sourced to one of the following:

30 (1) Each level of taxing jurisdiction where the
31 call originates and terminates in that jurisdiction.

32 (2) Each level of taxing jurisdiction where the
33 call either originates or terminates and in which the
34 service address is also located.

35 b. Except for the defined telecommunications
36 services in paragraph "c", a sale of
37 telecommunications services sold on a basis other than
38 a call-by-call basis is sourced to the customer's
39 place of primary use.

40 c. Sale of the following telecommunications
41 services shall be sourced to each level of taxing
42 jurisdiction as follows:

43 (1) A sale of mobile telecommunications services
44 other than air-to-ground radiotelephone service or
45 prepaid calling service is sourced to the customer's
46 place of primary use as required by the federal Mobile
47 Telecommunications Sourcing Act.

48 (2) A sale of postpaid calling service is sourced
49 to the origination point of the telecommunications
50 signal as first identified by either of the following:

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- 1 (a) The seller's telecommunications system.
2 (b) Information received by the seller from its
3 service provider, where the system used to transport
4 such signals is not that of the seller.
5 (3) A sale of prepaid calling service is sourced
6 in accordance with section 423.15. However, in the
7 case of a sale of mobile telecommunications services
8 that is a prepaid telecommunications service, the rule
9 provided in section 423.15, subsection 1, paragraph
10 "e", shall include as an option the location
11 associated with the mobile telephone number.
12 (4) A sale of a private telecommunications service
13 is sourced as follows:
14 (a) Service for a separate charge related to a
15 customer channel termination point is sourced to each
16 level of jurisdiction in which such customer channel
17 termination point is located.
18 (b) Service where all customer termination points
19 are located entirely within one jurisdiction or level
20 of jurisdiction is sourced in such jurisdiction in
21 which the customer channel termination points are
22 located.
23 (c) Service for segments of a channel between two
24 customer channel termination points located in
25 different jurisdictions and which segments of a
26 channel are separately charged is sourced fifty
27 percent in each level of jurisdiction in which the
28 customer channel termination points are located.
29 (d) Service for segments of a channel located in
30 more than one jurisdiction or levels of jurisdiction
31 and which segments are not separately billed is
32 sourced in each jurisdiction based on the percentage
33 determined by dividing the number of customer channel
34 termination points in such jurisdiction by the total
35 number of customer channel termination points.
36 Sec. __. NEW SECTION. 423.21 BAD DEBT
37 DEDUCTIONS.
38 1. For the purposes of this section, "bad debt"
39 means an amount properly calculated pursuant to
40 section 166 of the Internal Revenue Code then adjusted
41 to exclude financing charges or interest, sales or use
42 taxes charged on the purchase price, uncollectible
43 amounts on property that remain in the possession of
44 the seller until the full purchase price is paid,
45 expenses incurred in attempting to collect any debt,
46 and repossessed property.
47 2. In computing the amount of tax due, a seller
48 may deduct bad debts from the total amount upon which
49 the tax is calculated for any return. Any deduction
50 taken or refund paid which is attributed to bad debts

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1 shall not include interest.

2 3. A seller may deduct bad debts on the return for
3 the period during which the bad debt is written off as
4 uncollectible in the seller's books and records and is
5 eligible to be deducted for federal income tax
6 purposes. For purposes of this subsection, a seller
7 who is not required to file federal income tax returns
8 may deduct a bad debt on a return filed for the period
9 in which the bad debt is written off as uncollectible
10 in the seller's books and records and would be
11 eligible for a bad debt deduction for federal income
12 tax purposes if the seller were required to file a
13 federal income tax return.

14 4. If a deduction is taken for a bad debt and the
15 seller subsequently collects the debt in whole or in
16 part, the tax on the amount so collected must be paid
17 and reported on the return filed for the period in
18 which the collection is made.

19 5. A seller may obtain a refund of tax on any
20 amount of bad debt that exceeds the amount of taxable
21 sales within the period allowed for refund claims by
22 section 423.47. However, the period allowed for
23 refund claims shall be measured from the due date of
24 the return on which the bad debt could first be
25 claimed.

26 6. For the purposes of computing a bad debt
27 deduction or reporting a payment received on a
28 previously claimed bad debt, any payments made on a
29 debt or account shall be applied first to the price of
30 the property or service and tax thereon,
31 proportionally, and secondly to interest, service
32 charges, and any other charges.

33 Sec. __. NEW SECTION. 423.22 TAXATION IN
34 ANOTHER STATE.

35 If any person who causes tangible personal property
36 to be brought into this state or who uses in this
37 state services enumerated in section 423.2 has already
38 paid a tax in another state in respect to the sale or
39 use of the property or the performance of the service,
40 or an occupation tax in respect to the property or
41 service, in an amount less than the tax imposed by
42 subchapter II or III, the provisions of those
43 subchapters shall apply, but at a rate measured by the
44 difference only between the rate fixed by subchapter
45 II or III and the rate by which the previous tax on
46 the sale or use, or the occupation tax, was computed.
47 If the tax imposed and paid in the other state is
48 equal to or more than the tax imposed by those
49 subchapters, then a tax is not due in this state on
50 the personal property or service.

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1 Sec. __. NEW SECTION. 423.23 SELLERS'
2 AGREEMENTS.

3 Agreements between competing sellers, or the
4 adoption of appropriate rules and regulations by
5 organizations or associations of sellers to provide
6 uniform methods for adding sales or use tax or the
7 average equivalent thereof, and which do not involve
8 price-fixing agreements otherwise unlawful, are
9 expressly authorized and shall be held not in
10 violation of chapter 553 or other antitrust laws of
11 this state. The director shall cooperate with
12 sellers, organizations, or associations in formulating
13 agreements and rules.

14 Sec. __. NEW SECTION. 423.24 ABSORBING TAX
15 PROHIBITED.

16 A seller shall not advertise or hold out or state
17 to the public or to any purchaser, consumer, or user,
18 directly or indirectly, that the taxes or any parts
19 thereof imposed by subchapter II or III will be
20 assumed or absorbed by the seller or the taxes will
21 not be added to the sales price of the property sold,
22 or if added that the taxes or any part thereof will be
23 refunded. Any person violating any of the provisions
24 of this section within this state is guilty of a
25 simple misdemeanor.

26 Sec. __. NEW SECTION. 423.25 DIRECTOR'S POWER
27 TO ADOPT RULES.

28 The director shall have the power to adopt rules
29 for adding the taxes imposed by subchapters II and
30 III, or the average equivalents thereof, by providing
31 different methods applying uniformly to retailers
32 within the same general classification for the purpose
33 of enabling the retailers to add and collect, as far
34 as practicable, the amounts of those taxes.

35 Sec. __. NEW SECTION. 423.26 VEHICLES SUBJECT
36 TO REGISTRATION OR ONLY TO THE ISSUANCE OF TITLE -
37 MANUFACTURED HOUSING.

38 The use tax imposed upon the use of vehicles
39 subject to registration or subject only to the
40 issuance of a certificate of title or imposed upon the
41 use of manufactured housing shall be paid by the owner
42 of the vehicle or of the manufactured housing to the
43 county treasurer or the state department of
44 transportation from whom the registration receipt or
45 certificate of title is obtained. A registration
46 receipt for a vehicle subject to registration or
47 certificate of title shall not be issued until the tax
48 has been paid. The county treasurer or the state
49 department of transportation shall require every
50 applicant for a registration receipt for a vehicle

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1 subject to registration or certificate of title to
2 supply information as the county treasurer or the
3 director deems necessary as to the time of purchase,
4 the purchase price, installed purchase price, and
5 other information relative to the purchase of the
6 vehicle or manufactured housing. On or before the
7 tenth day of each month, the county treasurer or the
8 state department of transportation shall remit to the
9 department the amount of the taxes collected during
10 the preceding month.

11 A person who willfully makes a false statement in
12 regard to the purchase price of a vehicle subject to
13 taxation under this section is guilty of a fraudulent
14 practice. A person who willfully makes a false
15 statement in regard to the purchase price of such a
16 vehicle with the intent to evade the payment of tax
17 shall be assessed a penalty of seventy-five percent of
18 the amount of tax unpaid and required to be paid on
19 the actual purchase price less trade-in allowance.

20 Sec. . NEW SECTION. 423.27 MOTOR VEHICLE
21 LEASE TAX.

22 1. The use tax imposed upon the use of leased
23 vehicles subject to registration under chapter 321,
24 with gross vehicle weight ratings of less than sixteen
25 thousand pounds, excluding motorcycles and motorized
26 bicycles, which are leased by a lessor licensed
27 pursuant to chapter 321F for a period of twelve months
28 or more shall be paid by the owner of the vehicle to
29 the county treasurer or state department of
30 transportation from whom the registration receipt or
31 certificate of title is obtained. A registration
32 receipt for a vehicle subject to registration or
33 issuance of a certificate of title shall not be issued
34 until the tax is paid in the initial instance. Tax on
35 the lease transaction that does not require titling or
36 registration of the vehicle shall be remitted to the
37 department. Tax and the reporting of tax due to the
38 department shall be remitted on or before fifteen days
39 from the last day of the month that the vehicle lease
40 tax becomes due. Failure to timely report or remit
41 any of the tax when due shall result in a penalty and
42 interest being imposed on the tax due pursuant to
43 section 423.40, subsection 1, and section 423.42,
44 subsection 1.

45 2. The amount subject to tax shall be computed on
46 each separate lease transaction by taking the total of
47 the lease payments, plus the down payment, and
48 excluding all of the following:

- 49 a. Title fee.
- 50 b. Registration fees.

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1 c. Vehicle lease tax pursuant to this section.
2 d. Federal excise taxes attributable to the sale
3 of the vehicle to the owner or to the lease of the
4 vehicle by the owner.
5 e. Optional service or warranty contracts subject
6 to tax pursuant to section 423.2, subsection 1.
7 f. Insurance.
8 g. Manufacturer's rebate.
9 h. Refundable deposit.
10 i. Finance charges, if any, on items listed in
11 paragraphs "a" through "h".
12 If any or all of the items in paragraphs "a"
13 through "i" are excluded from the taxable lease price,
14 the owner shall maintain adequate records of the
15 amounts of those items. If the parties to a lease
16 enter into an agreement providing that the tax imposed
17 under this statute is to be paid by the lessee or
18 included in the monthly lease payments to be paid by
19 the lessee, the total cost of the tax shall not be
20 included in the computation of lease price for the
21 purpose of taxation under this section. The county
22 treasurer, the state department of transportation, or
23 the department of revenue and finance shall require
24 every applicant for a registration receipt for a
25 vehicle subject to tax under this section to supply
26 information as the county treasurer or director deems
27 necessary as to the date of the lease transaction, the
28 lease price, and other information relative to the
29 lease of the vehicle.
30 3. On or before the tenth day of each month, the
31 county treasurer or the state department of
32 transportation shall remit to the department the
33 amount of the taxes collected during the preceding
34 month.
35 4. If the lease is terminated prior to the
36 termination date contained in the lease agreement, no
37 refund shall be allowed for tax previously paid under
38 this section, except as provided in section 322G.4.
39 Sec. __. NEW SECTION. 423.28 SALES TAX REPORT
40 -- DEDUCTION.
41 Motor vehicle or trailer dealers, in making their
42 reports and returns to the department for the purpose
43 of paying the sales tax, shall be permitted to deduct
44 all sales prices from retail sales of vehicles subject
45 to registration or subject only to the issuance of a
46 certificate of title. Sales prices from sales of
47 vehicles subject to registration or subject only to
48 the issuance of a certificate of title are exempted
49 from the sales tax, but, if required by the director,
50 the sales prices shall be included in the returns made

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1 by motor vehicle or trailer dealers under subchapter
2 II, and proper deductions taken pursuant to this
3 section.

4 Sec. __. NEW SECTION. 423.29 COLLECTIONS BY
5 SELLERS.

6 Every seller who is a retailer and who is making
7 taxable sales of tangible personal property in Iowa
8 shall, at the time of selling the property, collect
9 the sales tax. Every seller who is a retailer
10 maintaining a place of business in this state and
11 selling tangible personal property for use in Iowa
12 shall, at the time of making the sale, whether within
13 or without the state, collect the use tax. Sellers
14 required to collect sales or use tax shall give to any
15 purchaser a receipt for the tax collected in the
16 manner and form prescribed by the director.

17 Every seller who is a retailer furnishing taxable
18 services in Iowa and every seller who is a retailer
19 maintaining a place of business in this state and
20 furnishing taxable services in Iowa or services
21 outside Iowa if the product or result of the service
22 is used in Iowa shall be subject to the provisions of
23 the preceding paragraph.

24 Sec. __. NEW SECTION. 423.30 FOREIGN SELLERS
25 NOT REGISTERED UNDER THE AGREEMENT.

26 The director may, upon application, authorize the
27 collection of the use tax by any seller who is a
28 retailer not maintaining a place of business within
29 this state and not registered under the agreement,
30 who, to the satisfaction of the director, furnishes
31 adequate security to ensure collection and payment of
32 the tax. Such sellers shall be issued, without
33 charge, permits to collect tax subject to any
34 regulations which the director shall prescribe. When
35 so authorized, it shall be the duty of foreign sellers
36 to collect the tax upon all tangible personal property
37 sold, to the retailer's knowledge, for use within this
38 state, in the same manner and subject to the same
39 requirements as a retailer maintaining a place of
40 business within this state. The authority and permit
41 may be canceled when, at any time, the director
42 considers the security inadequate, or that tax can
43 more effectively be collected from the person using
44 property in this state.

45 The discretionary power granted in this section is
46 extended to apply in the case of foreign retailers
47 furnishing services enumerated in section 423.2.

48 Sec. __. NEW SECTION. 423.31 FILING OF SALES
49 TAX RETURNS AND PAYMENT OF SALES TAX.

50 1. Each person subject to this section and section

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1 423.36 and in accordance with the provisions of this
2 section and section 423.36 shall, on or before the
3 last day of the month following the close of each
4 calendar quarter during which such person is or has
5 become or ceased being subject to the provisions of
6 this section and section 423.36, make, sign, and file
7 a return for the calendar quarter in the form as may
8 be required. Returns shall show information relating
9 to sales prices including goods, wares, and services
10 converted to the use of such person, the amounts of
11 sales prices excluded and exempt from the tax, the
12 amounts of sales prices subject to tax, a calculation
13 of tax due, and any other information for the period
14 covered by the return as may be required. Returns
15 shall be signed by the retailer or the retailer's
16 authorized agent and must be certified by the retailer
17 to be correct in accordance with forms and rules
18 prescribed by the director.

19 2. Persons required to file, or committed to file
20 by reason of voluntary action or by order of the
21 department, deposits of taxes due under this
22 subchapter shall be entitled to take credit against
23 the total quarterly amount of tax due such amount as
24 shall have been deposited by such persons during that
25 calendar quarter. The balance remaining due after
26 such credit for deposits shall be entered on the
27 return. However, such person may be granted an
28 extension of time not exceeding thirty days for filing
29 the quarterly return, upon a proper showing of
30 necessity. If an extension is granted, such person
31 shall have paid by the twentieth day of the month
32 following the close of such quarter ninety percent of
33 the estimated tax due.

34 3. The sales tax forms prescribed by the director
35 shall be referred to as "retailers tax deposit".
36 Deposit forms shall be signed by the retailer or the
37 retailer's duly authorized agent, and shall be duly
38 certified by the retailer or agent to be correct. The
39 director may authorize incorporated banks and trust
40 companies or other depositories authorized by law
41 which are depositories or financial agents of the
42 United States, or of this state, to receive any sales
43 tax imposed under this chapter, in the manner, at the
44 times, and under the conditions the director
45 prescribes. The director shall prescribe the manner,
46 times, and conditions under which the receipt of the
47 tax by those depositories is to be treated as payment
48 of the tax to the department.

49 4. Every retailer at the time of making any return
50 required by this section shall compute and pay to the

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1 department the tax due for the preceding period. The
2 tax on sales prices from the sale or rental of
3 tangible personal property under a consumer rental
4 purchase agreement as defined in section 537.3604,
5 subsection 8, is payable in the tax period of receipt.

6 5. Upon making application and receiving approval
7 from the director, a parent corporation and its
8 affiliated corporations that make retail sales of
9 tangible personal property or taxable enumerated
10 services may make deposits and file a consolidated
11 sales tax return for the affiliated group, pursuant to
12 rules adopted by the director. A parent corporation
13 and each affiliate corporation that files a
14 consolidated return are jointly and severally liable
15 for all tax, penalty, and interest found due for the
16 tax period for which a consolidated return is filed or
17 required to be filed.

18 A business required to file a consolidated sales
19 tax return shall file a form entitled "schedule of
20 consolidated business locations" with its quarterly
21 sales tax return that shows the taxpayer's
22 consolidated permit number, the permit number for each
23 Iowa business location, the state sales tax amount by
24 business location, and the amount of state sales tax
25 due on goods consumed that are not assigned to a
26 specific business location. Consolidated quarterly
27 sales tax returns that are not accompanied by the
28 schedule of consolidated business locations form are
29 considered incomplete and are subject to penalty under
30 section 421.27.

31 6. If necessary or advisable in order to insure
32 the payment of the tax, the director may require
33 returns and payment of the tax to be made for other
34 than quarterly periods, the provisions of this
35 section, or other provision to the contrary
36 notwithstanding.

37 Sec. __. **NEW SECTION. 423.32 FILING OF USE TAX**
38 **RETURNS AND PAYMENT OF USE TAX.**

39 1. A retailer maintaining a place of business in
40 this state who is required to collect or a user who is
41 required to pay the use tax or a foreign retailer
42 authorized, pursuant to section 423.30, to collect the
43 use tax, shall remit to the department the amount of
44 tax on or before the last day of the month following
45 each calendar quarterly period. However, a retailer
46 who collects or owes more than fifteen hundred dollars
47 in use taxes in a month shall deposit with the
48 department or in a depository authorized by law and
49 designated by the director, the amount collected or
50 owed, with a deposit form for the month as prescribed

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1 by the director.

2 a. The deposit form is due on or before the
3 twentieth day of the month following the month of
4 collection, except a deposit is not required for the
5 third month of the calendar quarter, and the total
6 quarterly amount, less the amounts deposited for the
7 first two months of the quarter, is due with the
8 quarterly report on the last day of the month
9 following the month of collection. At that time, the
10 retailer shall file with the department a return for
11 the preceding quarterly period in the form prescribed
12 by the director showing the purchase price of the
13 tangible personal property sold by the retailer during
14 the preceding quarterly period, the use of which is
15 subject to the use tax imposed by this chapter, and
16 other information the director deems necessary for the
17 proper administration of the use tax.

18 b. The return shall be accompanied by a remittance
19 of the use tax for the period covered by the return.
20 If necessary in order to ensure payment to the state
21 of the tax, the director may in any or all cases
22 require returns and payments to be made for other than
23 quarterly periods. The director, upon request and a
24 proper showing of necessity, may grant an extension of
25 time not to exceed thirty days for making any return
26 and payment. Returns shall be signed, in accordance
27 with forms and rules prescribed by the director, by
28 the retailer or the retailer's authorized agent, and
29 shall be certified by the retailer or agent to be
30 correct.

31 2. If it is reasonably expected, as determined by
32 rules prescribed by the director, that a retailer's
33 annual sales or use tax liability will not exceed one
34 hundred twenty dollars for a calendar year, the
35 retailer may request and the director may grant
36 permission to the retailer, in lieu of the quarterly
37 filing and remitting requirements set out elsewhere in
38 this section, to file the return required by and remit
39 the sales or use tax due under this section on a
40 calendar-year basis. The return and tax are due and
41 payable no later than January 31 following each
42 calendar year in which the retailer carries on
43 business.

44 3. The director, in cooperation with the
45 department of management, may periodically change the
46 filing and remittance thresholds by administrative
47 rule if in the best interests of the state and
48 taxpayer to do so.

49 Sec. __. NEW SECTION. 423.33 LIABILITY OF
50 PERSONS OTHER THAN RETAILERS FOR PAYMENT OF SALES OR

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1 USE TAX.

2 1. LIABILITY OF PURCHASER FOR SALES TAX. If a
3 purchaser fails to pay sales tax to the retailer
4 required to collect the tax, then in addition to all
5 of the rights, obligations, and remedies provided, the
6 tax is payable by the purchaser directly to the
7 department, and sections 423.31, 423.32, 423.37,
8 423.38, 423.39, 423.40, 423.41, and 423.42 apply to
9 the purchaser. For failure to pay, the retailer and
10 purchaser are liable, unless the circumstances
11 described in section 421.60, subsection 2, paragraph
12 "m", or section 423.45, subsection 4, paragraph "b" or
13 "e", or subsection 5, paragraph "c" or "e", are
14 applicable.

15 2. IMMEDIATE SUCCESSOR LIABILITY FOR SALES OR USE
16 TAX. If a retailer sells the retailer's business or
17 stock of goods or quits the business, the retailer
18 shall prepare a final return and pay all sales or use
19 tax due within the time required by law. The
20 immediate successor to the retailer, if any, shall
21 withhold a sufficient portion of the purchase price,
22 in money or money's worth, to pay the amount of
23 delinquent tax, interest, or penalty due and unpaid.
24 If the immediate successor of the business or stock of
25 goods intentionally fails to withhold the amount due
26 from the purchase price as provided in this
27 subsection, the immediate successor is personally
28 liable for the payment of delinquent taxes, interest,
29 and penalty accrued and unpaid on account of the
30 operation of the business by the immediate former
31 retailer, except when the purchase is made in good
32 faith as provided in section 421.28. However, a
33 person foreclosing on a valid security interest or
34 retaking possession of premises under a valid lease is
35 not an "immediate successor" for purposes of this
36 section. The department may waive the liability of
37 the immediate successor under this subsection if the
38 immediate successor exercised good faith in
39 establishing the amount of the previous liability.

40 3. EVENT SPONSOR'S LIABILITY FOR SALES TAX. A
41 person sponsoring a flea market or a craft, antique,
42 coin, or stamp show or similar event shall obtain from
43 every retailer selling tangible personal property or
44 taxable services at the event proof that the retailer
45 possesses a valid sales tax permit or secure from the
46 retailer a statement, taken in good faith, that
47 property or services offered for sale are not subject
48 to sales tax. Failure to do so renders a sponsor of
49 the event liable for payment of any sales tax,
50 interest, and penalty due and owing from any retailer

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1 selling property or services at the event. Sections
2 423.31, 423.32, 423.37, 423.38, 423.39, 423.40,
3 423.41, and 423.42 apply to the sponsors. For
4 purposes of this subsection, a person sponsoring a
5 flea market or a craft, antique, coin, or stamp show
6 or similar event does not include an organization
7 which sponsors an event less than three times a year
8 or a state, county, or district agricultural fair.

9 Sec. __. NEW SECTION. 423.34 LIABILITY OF USER.

10 Any person who uses any property or services
11 enumerated in section 423.2 upon which the use tax has
12 not been paid, either to the county treasurer or to a
13 retailer or direct to the department as required by
14 this subchapter, shall be liable for the payment of
15 tax, and shall on or before the last day of the month
16 next succeeding each quarterly period pay the use tax
17 upon all property or services used by the person
18 during the preceding quarterly period in the manner
19 and accompanied by such returns as the director shall
20 prescribe. All of the provisions of sections 423.32
21 and 423.33 with reference to the returns and payments
22 shall be applicable to the returns and payments
23 required by this section.

24 Sec. __. NEW SECTION. 423.35 POSTING OF BOND TO
25 SECURE PAYMENT.

26 The director may, when necessary and advisable in
27 order to secure the collection of the sales or use
28 tax, authorize any person subject to either tax, and
29 any retailer required or authorized to collect those
30 taxes pursuant to the provisions of section 423.14, to
31 file with the department a bond, issued by a surety
32 company authorized to transact business in this state
33 and approved by the insurance commissioner as to
34 solvency and responsibility, in an amount as the
35 director may fix, to secure the payment of any tax,
36 interest, or penalties due or which may become due
37 from such person. In lieu of a bond, securities
38 approved by the director, in an amount which the
39 director may prescribe, may be deposited with the
40 department, which securities shall be kept in the
41 custody of the department and may be sold by the
42 director at public or private sale, without notice to
43 the depositor, if it becomes necessary to do so in
44 order to recover any tax, interest, or penalties due.
45 Upon the sale, the surplus, if any, above the amounts
46 due under this chapter shall be returned to the person
47 who deposited the securities.

48 Sec. __. NEW SECTION. 423.36 PERMITS REQUIRED
49 TO COLLECT SALES OR USE TAX - APPLICATIONS -
50 REVOCATION.

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1 1. A person shall not engage in or transact
2 business as a retailer making taxable sales of
3 tangible personal property or furnishing services
4 within this state or as a retailer making taxable
5 sales of tangible personal property or furnishing
6 services for use within this state, unless a permit
7 has been issued to the retailer under this section,
8 except as provided in subsection 6. Every person
9 desiring to engage in or transact business as a
10 retailer shall file with the department an application
11 for a permit to collect sales or use tax. Every
12 application for a sales or use tax permit shall be
13 made upon a form prescribed by the director and shall
14 set forth any information the director may require.
15 The application shall be signed by an owner of the
16 business if a natural person; in the case of a
17 retailer which is an association or partnership, by a
18 member or partner; and in the case of a retailer which
19 is a corporation, by an executive officer or some
20 person specifically authorized by the corporation to
21 sign the application, to which shall be attached the
22 written evidence of the person's authority.

23 2. To collect sales or use tax, the applicant must
24 have a permit for each place of business in the state
25 of Iowa. The department may deny a permit to an
26 applicant who is substantially delinquent in paying a
27 tax due, or the interest or penalty on the tax,
28 administered by the department at the time of
29 application. If the applicant is a partnership, a
30 permit may be denied if a partner is substantially
31 delinquent in paying any delinquent tax, penalty, or
32 interest. If the applicant is a corporation, a permit
33 may be denied if any officer having a substantial
34 legal or equitable interest in the ownership of the
35 corporation owes any delinquent tax, penalty, or
36 interest.

37 3. The department shall grant and issue to each
38 applicant a permit for each place of business in this
39 state where sales or use tax is collected. A permit
40 is not assignable and is valid only for the person in
41 whose name it is issued and for the transaction of
42 business at the place designated or at a place of
43 relocation within the state if the ownership remains
44 the same.

45 If an applicant is making sales outside Iowa for
46 use in this state or furnishing services outside Iowa,
47 the product or result of which will be used in this
48 state, that applicant shall be issued one use tax
49 permit by the department applicable to these out-of-
50 state sales or services.

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1 4. Permits issued under this section are valid and
2 effective until revoked by the department.

3 5. If the holder of a permit fails to comply with
4 any of the provisions of this subchapter or of
5 subchapter II or III or any order or rule of the
6 department adopted under those subchapters or is
7 substantially delinquent in the payment of a tax
8 administered by the department or the interest or
9 penalty on the tax, or if the person is a corporation
10 and if any officer having a substantial legal or
11 equitable interest in the ownership of the corporation
12 owes any delinquent tax of the permit-holding
13 corporation, or interest or penalty on the tax,
14 administered by the department, the director may
15 revoke the permit. The director shall send notice by
16 mail to a permit holder informing that person of the
17 director's intent to revoke the permit and of the
18 permit holder's right to a hearing on the matter. If
19 the permit holder petitions the director for a hearing
20 on the proposed revocation, after giving ten days'
21 notice of the time and place of the hearing in
22 accordance with section 17A.18, subsection 3, the
23 matter may be heard and a decision rendered. The
24 director may restore permits after revocation. The
25 director shall adopt rules setting forth the period of
26 time a retailer must wait before a permit may be
27 restored or a new permit may be issued. The waiting
28 period shall not exceed ninety days from the date of
29 the revocation of the permit.

30 6. Sellers who are not regularly engaged in
31 selling at retail and do not have a permanent place of
32 business, but who are temporarily engaged in selling
33 from trucks, portable roadside stands, concessionaires
34 at state, county, district, or local fairs, carnivals,
35 or the like, shall report and remit the sales tax on a
36 temporary basis, under rules the director shall
37 provide for the efficient collection of the sales tax.
38 This subsection applies to sellers who are temporarily
39 engaged in furnishing services.

40 Persons engaged in selling tangible personal
41 property or furnishing services shall not be required
42 to obtain or retain a sales tax permit for a place of
43 business at which taxable sales of tangible personal
44 property or taxable performance of services will not
45 occur.

46 7. The provisions of subsection 1, dealing with
47 the lawful right of a retailer to transact business,
48 as applicable, apply to persons having receipts from
49 furnishing services enumerated in section 423.2,
50 except that a person holding a permit pursuant to

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1 subsection 1 shall not be required to obtain any
2 separate sales tax permit for the purpose of engaging
3 in business involving the services.
4 8. a. Except as provided in paragraph "b",
5 purchasers, users, and consumers of tangible personal
6 property or enumerated services taxed pursuant to
7 subchapter II or III of this chapter or chapters 423B
8 and 423E may be authorized, pursuant to rules adopted
9 by the director, to remit tax owed directly to the
10 department instead of the tax being collected and paid
11 by the seller. To qualify for a direct pay tax
12 permit, the purchaser, user, or consumer must accrue a
13 tax liability of more than four thousand dollars in
14 tax under subchapters II and III in a semimonthly
15 period and make deposits and file returns pursuant to
16 section 423.31. This authority shall not be granted
17 or exercised except upon application to the director
18 and then only after issuance by the director of a
19 direct pay tax permit.
20 b. The granting of a direct pay tax permit is not
21 authorized for any of the following:
22 (1) Taxes imposed on the sales, furnishing, or
23 service of gas, electricity, water, heat, pay
24 television service, and communication service.
25 (2) Taxes imposed under sections 423.26 and 423.27
26 and chapter 423C.
27 Sec. __. NEW SECTION. 423.37 FAILURE TO FILE
28 SALES OR USE TAX RETURNS – INCORRECT RETURNS.
29 1. As soon as practicable after a return is filed
30 and in any event within three years after the return
31 is filed, the department shall examine it, assess and
32 determine the tax due if the return is found to be
33 incorrect, and give notice to the person liable for
34 the tax of the assessment and determination as
35 provided in subsection 2. The period for the
36 examination and determination of the correct amount of
37 tax is unlimited in the case of a false or fraudulent
38 return made with the intent to evade tax or in the
39 case of a failure to file a return.
40 2. If a return required by this subchapter is not
41 filed, or if a return when filed is incorrect or
42 insufficient and the maker fails to file a corrected
43 or sufficient return within twenty days after the same
44 is required by notice from the department, the
45 department shall determine the amount of tax due from
46 information as the department may be able to obtain
47 and, if necessary, may estimate the tax on the basis
48 of external indices, such as number of employees of
49 the person concerned, rentals paid by the person,
50 stock on hand, or other factors. The department shall

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1 give notice of the determination to the person liable
2 for the tax. The determination shall fix the tax
3 unless the person against whom it is assessed shall,
4 within sixty days after the giving of notice of the
5 determination, apply to the director for a hearing or
6 unless the taxpayer contests the determination by
7 paying the tax, interest, and penalty and timely
8 filing a claim for refund. At the hearing evidence
9 may be offered to support the determination or to
10 prove that it is incorrect. After the hearing the
11 director shall give notice of the decision to the
12 person liable for the tax.

13 3. The three-year period of limitation provided in
14 subsection 1 may be extended by a taxpayer by signing
15 a waiver agreement form to be provided by the
16 department. The agreement shall stipulate the period
17 of extension and the tax period to which the extension
18 applies. The agreement shall also provide that a
19 claim for refund may be filed by the taxpayer at any
20 time during the period of extension.

21 Sec. __. NEW SECTION. 423.38 JUDICIAL REVIEW.

22 1. Judicial review of actions of the director may
23 be sought in accordance with the terms of the Iowa
24 administrative procedure Act.

25 2. For cause and upon a showing by the director
26 that collection of the tax in dispute is in doubt, the
27 court may order the petitioner to file with the clerk
28 a bond for the use of the respondent, with sureties
29 approved by the clerk, in the amount of tax appealed
30 from, conditioned that the petitioner shall perform
31 the orders of the court.

32 3. An appeal may be taken by the taxpayer or the
33 director to the supreme court of this state
34 irrespective of the amount involved.

35 Sec. __. NEW SECTION. 423.39 SERVICE OF
36 NOTICES.

37 1. A notice authorized or required under this
38 subchapter may be given by mailing the notice to the
39 person for whom it is intended, addressed to that
40 person at the address given in the last return filed
41 by the person pursuant to this subchapter, or if no
42 return has been filed, then to any address obtainable.
43 The mailing of the notice is presumptive evidence of
44 the receipt of the notice by the person to whom
45 addressed. Any period of time which is determined
46 according to this subchapter by the giving of notice
47 commences to run from the date of mailing of the
48 notice.

49 2. The provisions of the Code relative to the
50 limitation of time for the enforcement of a civil

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1 remedy shall not apply to any proceeding or action
2 taken to levy, appraise, assess, determine, or enforce
3 the collection of any tax or penalty provided by this
4 chapter.

5 Sec. __. **NEW SECTION. 423.40 PENALTIES –**
6 **OFFENSES – LIMITATION.**

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

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

31 b. A person who knowingly sells tangible personal
32 property, tickets or admissions to places of amusement
33 and athletic events, or gas, water, electricity, or
34 communication service at retail, or engages in the
35 furnishing of services enumerated in section 423.2, in
36 this state after the person's sales tax permit has
37 been revoked and before it has been restored as
38 provided in section 423.36, subsection 5, and the
39 officers of any corporation who so act are guilty of
40 an aggravated misdemeanor.

41 3. A person who willfully attempts in any manner
42 to evade any tax imposed by this chapter or the
43 payment of the tax or a person who makes or causes to
44 be made a false or fraudulent semimonthly or monthly
45 tax deposit form or return with intent to evade any
46 tax imposed by subchapter II or III or the payment of
47 the tax is guilty of a class "D" felony.

48 4. The certificate of the director to the effect
49 that a tax has not been paid, that a return has not
50 been filed, or that information has not been supplied

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1 pursuant to the provisions of this subchapter shall be
2 prima facie evidence thereof.

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

11 6. A prosecution for an offense specified in this
12 section shall be commenced within six years after its
13 commission.

14 Sec. __. NEW SECTION. 423.41 BOOKS –
15 EXAMINATION.

16 Every retailer required or authorized to collect
17 taxes imposed by this chapter and every person using
18 in this state tangible personal property, services, or
19 the product of services shall keep records, receipts,
20 invoices, and other pertinent papers as the director
21 shall require, in the form that the director shall
22 require, for as long as the director has the authority
23 to examine and determine tax due. The director or any
24 duly authorized agent of the department may examine
25 the books, papers, records, and equipment of any
26 person either selling tangible personal property or
27 services or liable for the tax imposed by this
28 chapter, and investigate the character of the business
29 of any person in order to verify the accuracy of any
30 return made, or if a return was not made by the
31 person, ascertain and determine the amount due under
32 this chapter. These books, papers, and records shall
33 be made available within this state for examination
34 upon reasonable notice when the director deems it
35 advisable and so orders. The preceding requirements
36 shall likewise apply to users and persons furnishing
37 services enumerated in section 423.2.

38 Sec. __. NEW SECTION. 423.42 STATUTES
39 APPLICABLE.

40 1. The director shall administer the taxes imposed
41 by subchapters II and III in the same manner and
42 subject to all the provisions of, and all of the
43 powers, duties, authority, and restrictions contained
44 in, section 422.25, subsection 4, section 422.30, and
45 sections 422.67 through 422.75.

46 2. All the provisions of section 422.26 shall
47 apply in respect to the taxes and penalties imposed by
48 subchapters II and III and this subchapter, except
49 that, as applied to any tax imposed by subchapters II
50 and III, the lien provided in section 422.26 shall be

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1 prior and paramount over all subsequent liens upon any
2 personal property within this state, or right to such
3 personal property, belonging to the taxpayer without
4 the necessity of recording as provided in section
5 422.26. The requirements for recording shall, as
6 applied to the taxes imposed by subchapters II and
7 III, apply only to the liens upon real property. When
8 requested to do so by any person from whom a taxpayer
9 is seeking credit, or with whom the taxpayer is
10 negotiating the sale of any personal property, or by
11 any other person having a legitimate interest in such
12 information, the director shall, upon being satisfied
13 that such a situation exists, inform that person as to
14 the amount of unpaid taxes due by such taxpayer under
15 the provisions of subchapters II and III. The giving
16 of this information under these circumstances shall
17 not be deemed a violation of section 422.72 as applied
18 to subchapters II and III.

19 Sec. __. NEW SECTION. 423.43 DEPOSIT OF REVENUE
20 – APPROPRIATIONS.

21 Except as otherwise provided in section 312.2,
22 subsection 15, all revenues derived from the use tax
23 on motor vehicles, trailers, and motor vehicle
24 accessories and equipment as collected pursuant to
25 sections 423.26 and 423.27 shall be deposited and
26 credited to the road use tax fund and shall be used
27 exclusively for the construction, maintenance, and
28 supervision of public highways.

29 1. Notwithstanding any provision of this section
30 which provides that all revenues derived from the use
31 tax on motor vehicles, trailers, and motor vehicle
32 accessories and equipment as collected pursuant to
33 sections 423.26 and 423.27 shall be deposited and
34 credited to the road use tax fund, eighty percent of
35 the revenues shall be deposited and credited as
36 follows:

37 a. Twenty-five percent of all such revenue, up to
38 a maximum of four million two hundred fifty thousand
39 dollars per quarter, shall be deposited into and
40 credited to the Iowa comprehensive petroleum
41 underground storage tank fund created in section
42 455G.3, and the moneys so deposited are a continuing
43 appropriation for expenditure under chapter 455G, and
44 moneys so appropriated shall not be used for other
45 purposes.

46 b. Any such revenues remaining shall be credited
47 to the road use tax fund.

48 2. Notwithstanding any other provision of this
49 section that provides that all revenue derived from
50 the use tax on motor vehicles, trailers, and motor

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1 vehicle accessories and equipment as collected
2 pursuant to section 423.26 shall be deposited and
3 credited to the road use tax fund, twenty percent of
4 the revenues shall be credited and deposited as
5 follows: one-half to the road use tax fund and one-
6 half to the primary road fund to be used for the
7 commercial and industrial highway network.

8 3. For the fiscal year beginning July 1, 2004, and
9 each subsequent fiscal year, revenues arising under
10 the operation of this chapter which are derived from
11 the tax imposed on remote sales shall be deposited
12 into the remote sales tax fund created in section
13 423.60 in an amount equal to the excess of the
14 revenues derived from the tax imposed on remote sales
15 during the fiscal year over the revenues derived from
16 the tax imposed on remote sales during the fiscal year
17 beginning July 1, 2003.

18 4. All other revenue arising under the operation
19 of this chapter shall be credited to the general fund
20 of the state.

21 Sec. . NEW SECTION. 423.44 REIMBURSEMENT FOR
22 PRIMARY ROAD FUND.

23 From moneys deposited into the road use tax fund,
24 the department may credit to the primary road fund any
25 amount of revenues derived from the use tax on motor
26 vehicles, trailers, and motor vehicle accessories and
27 equipment as collected pursuant to sections 423.26 and
28 423.27 to the extent necessary to reimburse that fund
29 for the expenditures not otherwise eligible to be made
30 from the primary road fund, which are made for
31 repairing, improving, and maintaining bridges over the
32 rivers bordering the state. Expenditures for those
33 portions of bridges within adjacent states may be
34 included when they are made pursuant to an agreement
35 entered into under section 313.63, 313A.34, or 314.10.

36 Sec. . NEW SECTION. 423.45 REFUNDS -
37 EXEMPTION CERTIFICATES.

38 1. If an amount of tax represented by a retailer
39 to a consumer or user as constituting tax due is
40 computed upon a sales price that is not taxable or the
41 amount represented is in excess of the actual taxable
42 amount and the amount represented is actually paid by
43 the consumer or user to the retailer, the excess
44 amount of tax paid shall be returned to the consumer
45 or user upon notification to the retailer by the
46 department that an excess payment exists.

47 2. If an amount of tax represented by a retailer
48 to a consumer or user as constituting tax due is
49 computed upon a sales price that is not taxable or the
50 amount represented is in excess of the actual taxable

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1 amount and the amount represented is actually paid by
 2 the consumer or user to the retailer, the excess
 3 amount of tax paid shall be returned to the consumer
 4 or user upon proper notification to the retailer by
 5 the consumer or user that an excess payment exists.
 6 "Proper" notification is written notification which
 7 allows a retailer at least sixty days to respond and
 8 which contains enough information to allow a retailer
 9 to determine the validity of a consumer's or user's
 10 claim that an excess amount of tax has been paid. No
 11 cause of action shall accrue against a retailer for
 12 excess tax paid until sixty days after proper notice
 13 has been given the retailer by the consumer or user.

14 3. In the circumstances described in subsections 1
 15 and 2, a retailer has the option to either return any
 16 excess amount of tax paid to a consumer or user, or to
 17 remit the amount which a consumer or user has paid to
 18 the retailer to the department.

19 4. a. The department shall issue or the seller
 20 may separately provide exemption certificates in the
 21 form prescribed by the director, including
 22 certificates not made of paper, which conform to the
 23 requirements of paragraph "c", to assist retailers in
 24 properly accounting for nontaxable sales of tangible
 25 personal property or services to purchasers for a
 26 nontaxable purpose. The department shall also allow
 27 the use of exemption certificates for those
 28 circumstances in which a sale is taxable but the
 29 seller is not obligated to collect tax from the buyer.

30 b. The sales tax liability for all sales of
 31 tangible personal property and all sales of services
 32 is upon the seller and the purchaser unless the seller
 33 takes in good faith from the purchaser a valid
 34 exemption certificate stating under penalty of perjury
 35 that the purchase is for a nontaxable purpose and is
 36 not a retail sale as defined in section 423.1, or the
 37 seller is not obligated to collect tax due, or unless
 38 the seller takes a fuel exemption certificate pursuant
 39 to subsection 5. If the tangible personTw{ ao subsin wTJTm0w{39 to subsectio)5.3or t84.6(i)-7T0. u)4(s)-1.4rrrsr5(from6.8

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1 the requirements of the director.

2 d. A valid exemption certificate is taken in good
3 faith by the seller when the seller has exercised that
4 caution and diligence which honest persons of ordinary
5 prudence would exercise in handling their own business
6 affairs, and includes an honesty of intention and
7 freedom from knowledge of circumstances which ought to
8 put one upon inquiry as to the facts. In order for a
9 seller to take a valid exemption certificate in good
10 faith, the seller must exercise reasonable prudence to
11 determine the facts supporting the valid exemption
12 certificate, and if any facts upon such certificate
13 would lead a reasonable person to further inquiry,
14 such inquiry must be made with an honest intent to
15 discover the facts.

16 e. If the circumstances change and as a result the
17 tangible personal property or services are used or
18 disposed of by the purchaser in a nonexempt manner or
19 the purchaser becomes obligated to pay the tax, the
20 purchaser is liable solely for the taxes and shall
21 remit the taxes directly to the department in
22 accordance with this subsection.

23 5. a. The department shall issue or the seller
24 may separately provide fuel exemption certificates in
25 the form prescribed by the director.

26 b. For purposes of this subsection:

27 (1) "Fuel" includes gas, electricity, water, heat,
28 steam, and any other tangible personal property
29 consumed in creating heat, power, or steam.

30 (2) "Fuel consumed in processing" means fuel used
31 or consumed for processing including grain drying, for
32 providing heat or cooling for livestock buildings or
33 for greenhouses or buildings or parts of buildings
34 dedicated to the production of flowering, ornamental,
35 or vegetable plants intended for sale in the ordinary
36 course of business, for use in aquaculture production,
37 or for generating electric current, or in implements
38 of husbandry engaged in agricultural production.

39 (3) "Fuel exemption certificate" means an
40 exemption certificate given by the purchaser under
41 penalty of perjury to assist retailers in properly
42 accounting for nontaxable sales of fuel consumed in
43 processing.

44 (4) "Substantial change" means a change in the use
45 or disposition of tangible personal property and
46 services by the purchaser such that the purchaser pays
47 less than ninety percent of the purchaser's actual
48 sales tax liability. A change includes a misstatement
49 of facts in an application made pursuant to paragraph
50 "d" or in a fuel exemption certificate.

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1 c. The seller may accept a completed fuel
2 exemption certificate, as prepared by the purchaser,
3 for three years unless the purchaser files a new
4 completed exemption certificate. If the fuel is
5 purchased tax free pursuant to a fuel exemption
6 certificate which is taken by the seller, and the fuel
7 is used or disposed of by the purchaser in a nonexempt
8 manner, the purchaser is solely liable for the taxes,
9 and shall remit the taxes directly to the department
10 and sections 423.31, 423.32, 423.37, 423.38, 423.39,
11 423.40, 423.41, and 423.42 shall apply to the
12 purchaser.

13 d. The purchaser may apply to the department for
14 its review of the fuel exemption certificate. In this
15 event, the department shall review the fuel exemption
16 certificate within twelve months from the date of
17 application and determine the correct amount of the
18 exemption. If the amount determined by the department
19 is different than the amount that the purchaser claims
20 is exempt, the department shall promptly notify the
21 purchaser of the determination. Failure of the
22 department to make a determination within twelve
23 months from the date of application shall constitute a
24 determination that the fuel exemption certificate is
25 correct as submitted. A determination of exemption by
26 the department is final unless the purchaser appeals
27 to the director for a revision of the determination
28 within sixty days after the date of the notice of
29 determination. The director shall grant a hearing,
30 and upon the hearing, the director shall determine the
31 correct exemption and notify the purchaser of the
32 decision by mail. The decision of the director is
33 final unless the purchaser seeks judicial review of
34 the director's decision under section 423.38 within
35 sixty days after the date of the notice of the
36 director's decision. Unless there is a substantial
37 change, the department shall not impose penalties
38 pursuant to section 423.40 both retroactively to
39 purchases made after the date of application and
40 prospectively until the department gives notice to the
41 purchaser that a tax or additional tax is due, for
42 failure to remit any tax due which is in excess of a
43 determination made under this section. A
44 determination made by the department pursuant to this
45 subsection does not constitute an audit for purposes
46 of section 423.37.

47 e. If the circumstances change and the fuel is
48 used or disposed of by the purchaser in a nonexempt
49 manner, the purchaser is solely liable for the taxes
50 and shall remit the taxes directly to the department

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1 in accordance with paragraph "c".

2 f. The purchaser shall attach documentation to the
3 fuel exemption certificate which is reasonably
4 necessary to support the exemption for fuel consumed
5 in processing. If the purchaser files a new exemption
6 certificate with the seller, documentation shall not
7 be required if the purchaser previously furnished the
8 seller with this documentation and substantial change
9 has not occurred since that documentation was
10 furnished or if fuel consumed in processing is
11 separately metered and billed by the seller.

12 6. Nothing in this section authorizes any cause of
13 action by any person to recover sales or use taxes
14 directly from the state or extends any person's time
15 to seek a refund of sales or use taxes which have been
16 collected and remitted to the state.

17 Sec. __. NEW SECTION. 423.46 RATE AND BASE
18 CHANGES.

19 The department shall make a reasonable effort to
20 provide sellers with as much advance notice as
21 practicable of a rate change and to notify sellers of
22 legislative changes in the tax base and amendments to
23 sales and use tax rules. Failure of a seller to
24 receive notice or failure of this state to provide
25 notice or limit the effective date of a rate change
26 shall not relieve the seller of its obligation to
27 collect sales or use taxes for this state.

28 Sec. __. NEW SECTION. 423.47 REFUNDS AND
29 CREDITS.

30 If it shall appear that, as a result of mistake, an
31 amount of tax, penalty, or interest has been paid
32 which was not due under the provisions of this
33 chapter, such amount shall be credited against any tax
34 due, or to become due, on the books of the department
35 from the person who made the erroneous payment, or
36 such amount shall be refunded to such person by the
37 department. A claim for refund or credit that has not
38 been filed with the department within three years
39 after the tax payment for which a refund or credit is
40 claimed became due, or one year after such tax payment
41 was made, whichever time is the later, shall not be
42 allowed by the director.

43 SUBCHAPTER VI

44 SALES AND USE TAX ACT – ADMINISTRATION OF
45 RETAILERS REGISTERED VOLUNTARILY UNDER THE
46 AGREEMENT

47 Sec. __. NEW SECTION. 423.48 RESPONSIBILITIES
48 AND RIGHTS OF SELLERS REGISTERED UNDER THE AGREEMENT.

49 1. By registering under the agreement, the seller
50 agrees to collect and remit sales and use taxes for

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1 all its taxable Iowa sales. Iowa's withdrawal from
2 the agreement or revocation of its membership in the
3 agreement shall not relieve a seller from its
4 responsibility to remit taxes previously collected on
5 behalf of this state.

6 2. The following provisions apply to any seller
7 who registers under the agreement:
8 a. The seller may register on-line.
9 b. Registration under the agreement and the
10 collection of Iowa sales and use taxes shall not be
11 used as factors in determining whether the seller has
12 nexus with Iowa for any tax.

13 c. If registered under the agreement with any
14 other member state, the seller is considered to be
15 registered in Iowa.

16 d. The seller is not required to pay registration
17 fees or other charges.

18 e. A written signature from the seller is not
19 required.

20 f. The seller may register by way of an agent.
21 The agent's appointment shall be in writing and
22 submitted to the department if requested by the
23 department.

24 g. The seller may cancel its registration at any
25 time under procedures adopted by the governing board
26 established pursuant to the agreement. Cancellation
27 does not relieve the seller of its liability for
28 remitting any Iowa taxes collected.

29 3. The following additional responsibilities and
30 rights apply to model sellers:

31 a. A model 1 seller's obligation to calculate,
32 collect, and remit sales and use taxes shall be
33 performed by its certified service provider, except
34 for the seller's obligation to remit tax on its own
35 purchases. As the seller's agent, the certified
36 service provider is liable for its model 1 seller's
37 sales and use tax due Iowa on all sales transactions
38 it processes for the seller except as set out in this
39 section. A seller that contracts with a certified
40 service provider is not liable to the state for sales
41 or use tax due on transactions processed by the
42 certified service provider unless the seller
43 misrepresents the types of items or services it sells
44 or commits fraud. In the absence of probable cause to
45 believe that the seller has committed fraud or made a
46 material misrepresentation, the seller is not subject
47 to audit on the transactions processed by the
48 certified service provider. A model 1 seller is
49 subject to audit for transactions not processed by the
50 certified service provider. The director is

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1 authorized to perform a system check of the model 1
2 seller and review the seller's procedures to determine
3 if the certified service provider's system is
4 functioning properly and the extent to which the
5 seller's transactions are being processed by the
6 certified service provider.

7 b. A model 2 seller shall calculate the amount of
8 tax due on a transaction by the use of a certified
9 automated system, but shall collect and remit tax on
10 its own sales. A person that provides a certified
11 automated system is responsible for the proper
12 functioning of that system and is liable to this state
13 for underpayments of tax attributable to errors in the
14 functioning of the certified automated system. A
15 seller that uses a certified automated system remains
16 responsible and is liable to the state for reporting
17 and remitting tax.

18 c. A model 3 seller shall use its own proprietary
19 automated system to calculate tax due and collect and
20 remit tax on its own sales. A model 3 seller is
21 liable for the failure of its proprietary automated
22 system to meet the applicable performance standard.

23 Sec. __. NEW SECTION. 423.49 RETURNS.

24 1. All model 1, 2, or 3 sellers are subject to all
25 of the following return requirements:

26 a. The seller is required to file only one return
27 per month for this state and for all taxing
28 jurisdictions within this state.

29 b. The date for filing returns shall be determined
30 under rules adopted by the director. However, in no
31 case shall the return be due earlier than the
32 twentieth day of the following month.

33 c. The director shall request additional
34 information returns. These returns shall not be
35 required more frequently than every six months.

36 2. Any registered seller which does not have a
37 legal obligation to register in this state and is not
38 a model 1, 2, or 3 seller is subject to all of the
39 following return requirements:

40 a. The seller is required to file a return within
41 one year of the month of initial registration and
42 shall file a return on an annual basis in succeeding
43 years.

44 b. In addition to the return required in paragraph
45 "a", if the seller accumulates more than one thousand
46 dollars in total state and local tax, the seller is
47 required to file a return in the following month.

48 c. The format of the return and the due date of
49 the initial return and the annual return shall be
50 determined under rules adopted by the department.

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1 Sec. __. NEW SECTION. 423.50 REMITTANCE OF
2 FUNDS.

3 1. Only one remittance of tax per return is
4 required except as provided in this subsection.
5 Sellers that collect more than thirty thousand dollars
6 in sales and use taxes for this state during the
7 preceding calendar year shall be required to make
8 additional remittances as required under rules adopted
9 by the director. The filing of a return is not
10 required with an additional remittance.

11 2. All remittances shall be remitted
12 electronically.

13 3. Electronic payments may be made either by
14 automated clearinghouse credit or automated
15 clearinghouse debit. Any data accompanying a
16 remittance must be formatted using uniform tax type
17 and payment codes approved by the governing board
18 established pursuant to the agreement. An alternative
19 method for making same-day payments shall be
20 determined under rules adopted by the director.

21 4. If a due date falls on a legal banking holiday
22 in this state, the taxes are due on the succeeding
23 business day.

24 Sec. __. NEW SECTION. 423.51 ADMINISTRATION OF
25 EXEMPTIONS.

26 1. The following provisions shall apply when a
27 purchaser claims an exemption:

28 a. The seller shall obtain identifying information
29 of the purchaser and the reason for claiming a tax
30 exemption at the time of the purchase as determined by
31 the member states acting jointly.

32 b. A purchaser is not required to provide a
33 signature to claim an exemption from tax unless a
34 paper certificate is used.

35 c. The seller shall use the standard form for
36 claiming an exemption electronically as adopted
37 jointly by the member states.

38 d. The seller shall obtain the same information
39 for proof of a claimed exemption regardless of the
40 medium in which the transaction occurred.

41 e. The department may authorize a system wherein
42 the purchaser exempt from the payment of the tax is
43 issued an identification number which shall be
44 presented to the seller at the time of the sale.

45 f. The seller shall maintain proper records of
46 exempt transactions and provide them to the department
47 when requested.

48 g. The department shall administer entity-based
49 and use-based exemptions when practicable through a
50 direct pay tax permit, an exemption certificate, or

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1 another means that does not burden sellers. For the
2 purposes of this paragraph:

3 (1) An "entity-based exemption" is an exemption
4 based on who purchases the product or who sells the
5 product.

6 (2) A "use-based exemption" is an exemption based
7 on the purchaser's use of the product.

8 2. Sellers that follow the requirements of this
9 section are relieved from any tax otherwise applicable
10 if it is determined that the purchaser improperly
11 claimed an exemption and that the purchaser is liable
12 for the nonpayment of tax. This relief from liability
13 does not apply to a seller who fraudulently fails to
14 collect the tax or solicits purchasers to participate
15 in the unlawful claim of an exemption.

16 Sec. __. NEW SECTION. 423.52 RELIEF FROM
17 LIABILITY FOR SELLERS AND CERTIFIED SERVICE PROVIDERS.

18 Sellers and certified service providers are
19 relieved from liability to this state or its local
20 taxing jurisdictions for having charged and collected
21 the incorrect amount of sales or use tax resulting
22 from the seller or certified service provider relying
23 on erroneous data provided by this state on tax rates,
24 boundaries, or taxing jurisdiction assignments. If
25 this state provides an address-based system for
26 assigning taxing jurisdictions whether or not pursuant
27 to the federal Mobile Telecommunications Sourcing Act,
28 the director is not required to provide liability
29 relief for errors resulting from reliance on the
30 information provided by this state.

31 Sec. __. NEW SECTION. 423.53 BAD DEBTS AND
32 MODEL 1 SELLERS.

33 A certified service provider may claim, on behalf
34 of a model 1 seller, any bad debt deduction as
35 provided in section 423.21. The certified service
36 provider must credit or refund the full amount of any
37 bad debt deduction or refund received to the seller.

38 Sec. __. NEW SECTION. 423.54 AMNESTY FOR
39 REGISTERED SELLERS.

40 1. Subject to the limitations in subsections 2
41 through 6, the following provisions apply:

42 a. Amnesty is provided for uncollected or unpaid
43 sales or use tax to a seller who registers to pay or
44 to collect and remit applicable sales or use tax on
45 sales made to purchasers in this state in accordance
46 with the terms of the agreement, provided the seller
47 was not so registered in this state in the twelve-
48 month period preceding the commencement of Iowa's
49 participation in the agreement.

50 b. Amnesty precludes assessment of the seller for

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1 uncollected or unpaid sales or use tax together with
2 penalty or interest for sales made during the period
3 the seller was not registered in this state, provided
4 registration occurs within twelve months of the
5 commencement of Iowa's participation in the agreement.

6 c. Amnesty shall be provided to any seller
7 lawfully registered under the agreement by any other
8 member state prior to the date of the commencement of
9 Iowa's participation in the agreement.

10 2. Amnesty is not available to a seller with
11 respect to any matter or matters for which the seller
12 received notice of the commencement of an audit and
13 which audit is not yet finally resolved, including any
14 related administrative and judicial processes.

15 3. Amnesty is not available for sales or use taxes
16 already paid or remitted or to taxes collected by the
17 seller.

18 4. Amnesty is fully effective absent the seller's
19 fraud or intentional misrepresentation of a material
20 fact as long as the seller continues registration and
21 continues payment or collection and remittance of
22 applicable sales or use taxes for a period of at least
23 thirty-six months. The statute of limitations
24 applicable to asserting a tax liability is tolled
25 during this thirty-six month period.

26 5. Amnesty is applicable only to sales or use
27 taxes due from a seller in its capacity as a seller
28 and not to sales or use taxes due from a seller in its
29 capacity as a buyer.

30 6. The director may allow amnesty on terms and
31 conditions more favorable to a seller than the terms
32 required by this section.

33 Sec. __. NEW SECTION. 423.55 DATABASES.

34 The department shall provide and maintain databases
35 required by the agreement for the benefit of sellers
36 registered under the agreement.

37 Sec. __. NEW SECTION. 423.56 CONFIDENTIALITY
38 AND PRIVACY PROTECTIONS UNDER MODEL 1.

39 1. As used in this section:

40 a. "Anonymous data" means information that does
41 not identify a person.

42 b. "Confidential taxpayer information" means all
43 information that is protected under this state's laws,
44 rules, and privileges.

45 c. "Personally identifiable information" means
46 information that identifies a person.

47 2. With very limited exceptions, a certified
48 service provider shall perform its tax calculation,
49 remittance, and reporting functions without retaining
50 the personally identifiable information of consumers.

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1 3. A certified service provider may perform its
2 services in this state only if the certified service
3 provider certifies that:
4 a. Its system has been designed and tested to
5 ensure that the fundamental precept of anonymity is
6 respected.
7 b. Personally identifiable information is only
8 used and retained to the extent necessary for the
9 administration of model 1 sellers with respect to
10 exempt purchasers.
11 c. It provides consumers clear and conspicuous
12 notice of its information practices, including what
13 information it collects, how it collects the
14 information, how it uses the information, how long, if
15 at all, it retains the information, and whether it
16 discloses the information to member states. This
17 notice shall be satisfied by a written privacy policy
18 statement accessible by the public on the official web
19 site of the certified service provider.
20 d. Its collection, use, and retention of
21 personally identifiable information is limited to that
22 required by the member states to ensure the validity
23 of exemptions from taxation that are claimed by reason
24 of a consumer's status or the intended use of the
25 goods or services purchased.
26 e. It provides adequate technical, physical, and
27 administrative safeguards so as to protect personally
28 identifiable information from unauthorized access and
29 disclosure.
30 4. The department shall provide public
31 notification of its practices relating to the
32 collection, use, and retention of personally
33 identifiable information.
34 5. When any personally identifiable information
35 that has been collected and retained by the department
36 or certified service provider is no longer required
37 for the purposes set forth in subsection 3, paragraph
38 "d", that information shall no longer be retained by
39 the department or certified service provider.
40 6. When personally identifiable information
41 regarding an individual is retained by or on behalf of
42 this state, this state shall provide reasonable access
43 by such individual to his or her own information in
44 the state's possession and a right to correct any
45 inaccurately recorded information.
46 7. This privacy policy is subject to enforcement
47 by the department and the attorney general.
48 8. This state's laws and rules regarding the
49 collection, use, and maintenance of confidential
50 taxpayer information remain fully applicable and

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1 binding. Without limitation, the agreement does not
2 enlarge or limit the state's or department's authority
3 to:

4 a. Conduct audits or other review as provided
5 under the agreement and state law.

6 b. Provide records pursuant to its examination of
7 public records law, disclosure laws of individual
8 governmental agencies, or other regulations.

9 c. Prevent, consistent with state law, disclosures
10 of confidential taxpayer information.

11 d. Prevent, consistent with federal law,
12 disclosures or misuse of federal return information
13 obtained under a disclosure agreement with the
14 internal revenue service.

15 e. Collect, disclose, disseminate, or otherwise
16 use anonymous data for governmental purposes.

17 9. This privacy policy does not preclude the
18 certification of a certified service provider whose
19 privacy policy is more protective of confidential
20 taxpayer information or personally identifiable
21 information than is required by the agreement.

22 Sec. __. NEW SECTION. 423.57 STATUTES
23 APPLICABLE.

24 The director shall administer this subchapter as it
25 relates to the taxes imposed in this chapter in the
26 same manner and subject to all the provisions of, and
27 all of the powers, duties, authority, and restrictions
28 contained in sections 423.14, 423.15, 423.16, 423.17,
29 423.18, 423.19, 423.20, 423.21, 423.22, 423.23,
30 423.24, 423.25, 423.28, 423.29, 423.31, 423.32,
31 423.33, 423.34, 423.35, 423.37, 423.38, 423.39,
32 423.40, 423.41, and 423.42, section 423.43, subsection
33 3, and sections 423.45, 423.46, and 423.47.

34 Sec. __. NEW SECTION. 423.60 REMOTE SALES TAX
35 FUND – APPROPRIATIONS.

36 1. A remote sales tax fund is created as a
37 separate fund in the state treasury under the control
38 of the department of revenue and finance consisting of
39 the state sales and use tax revenues collected from
40 remote sales and deposited as provided in section
41 423.43, subsection 3.

42 2. There is appropriated from the remote sales tax
43 fund for the fiscal year beginning July 1, 2005, and
44 each succeeding fiscal year to the general fund of the
45 state the following:

46 a. The first sixty million dollars deposited into
47 the fund during each fiscal year.

48 b. An amount to offset the projected loss during
49 the fiscal year to the general fund of the state
50 resulting from a state tax relief Act enacted during

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1 the period beginning four and one-half years prior to
2 the start of the fiscal year. However, any state tax
3 relief Act enacted prior to July 1, 2004, shall not be
4 covered under this subsection.

5 3. For purposes of subsection 2, "state tax relief
6 Act" means an Act that was projected by the
7 legislative fiscal bureau to result in a loss in
8 revenue to the general fund of the state of at least
9 five million dollars in the first full fiscal year
10 during which the Act is effective and that contains
11 any of the following:

- 12 a. A state sales or use tax exemption.
- 13 b. A deduction for any state tax.
- 14 c. A reduction in any state tax rate.

15 Sec. __.

16 1. Sections 422.42 through 422.59, Code 2003, are repealed.

17 2. Chapter 423, Code 2003, is repealed.

18 COORDINATING AMENDMENTS

19 Sec. __. Section 15.331A, Code 2003, is amended

20 to read as follows:

21 15.331A SALES, SERVICES, AND USE TAX REFUND –
22 CONTRACTOR OR SUBCONTRACTOR.

23 The eligible business or a supporting business
24 shall be entitled to a refund of the sales and use
25 ~~taxes paid under chapters 422 and chapter 423~~ for gas,
26 electricity, water, or sewer utility services, goods,
27 wares, or merchandise, or on services rendered,
28 furnished, or performed to or for a contractor or
29 subcontractor and used in the fulfillment of a written
30 contract relating to the construction or equipping of
31 a facility within the economic development area of the
32 eligible business or a supporting business. Taxes
33 attributable to intangible property and furniture and
34 furnishings shall not be refunded.

35 To receive the refund a claim shall be filed by the
36 eligible business or a supporting business with the
37 department of revenue and finance as follows:

38 1. The contractor or subcontractor shall state
39 under oath, on forms provided by the department, the
40 amount of the sales of goods, wares, or merchandise or
41 services rendered, furnished, or performed including
42 water, sewer, gas, and electric utility services for
43 use in the economic development area upon which sales
44 or use tax has been paid prior to the project
45 completion, and shall file the forms with the eligible
46 business or supporting business before final
47 settlement is made.

48 2. The eligible business or a supporting business
49 shall, not more than one year after project
50 completion, make application to the department for any

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1 refund of the amount of the sales and use taxes paid
2 pursuant to chapter ~~422~~ ~~or~~ 423 upon any goods, wares,
3 or merchandise, or services rendered, furnished, or
4 performed, including water, sewer, gas, and electric
5 utility services. The application shall be made in
6 the manner and upon forms to be provided by the
7 department, and the department shall audit the claim
8 and, if approved, issue a warrant to the eligible
9 business or supporting business in the amount of the
10 sales or use tax which has been paid to the state of
11 Iowa under a contract. A claim filed by the eligible
12 business or a supporting business in accordance with
13 this section shall not be denied by reason of a
14 limitation provision set forth in chapter 421, ~~422~~, or
15 423.

16 3. A contractor or subcontractor who willfully
17 makes a false report of tax paid under the provisions
18 of this section is guilty of a simple misdemeanor and
19 in addition is liable for the payment of the tax and
20 any applicable penalty and interest.

21 Sec. __. Section 15.334A, Code 2003, is amended
22 to read as follows:

23 15.334A SALES AND USE TAX EXEMPTION.

24 An eligible business may claim an exemption from
25 sales and use taxation under section ~~422-45~~ 423.3,
26 subsection ~~27~~ 46, for property which is exempt from
27 taxation under section 15.334, notwithstanding the
28 requirements of section ~~422-45~~ 423.3, subsection ~~27~~
29 46, or any other provision of the Code to the
30 contrary.

31 Sec. __. Section 15A.9, subsections 5, 6, and 7,
32 Code 2003, are amended to read as follows:

33 5. PROPERTY TAX EXEMPTION.

34 a. All property, as defined in section 427A.1,
35 subsection 1, paragraphs "e" and "j", Code 1993, used
36 by the primary business or a supporting business and
37 located within the zone, shall be exempt from property
38 taxation for a period of twenty years beginning with
39 the year it is first assessed for taxation. In order
40 to be eligible for this exemption, the property shall
41 be acquired or leased by the primary business or a
42 supporting business or relocated by the primary
43 business or a supporting business to the zone from
44 outside the state prior to project completion.

45 b. Property which is exempt for property tax
46 purposes under this subsection is eligible for the
47 sales and use tax exemption under section ~~422-45~~
48 423.3, subsection ~~27~~ 46, notwithstanding that
49 subsection or any other provision of the Code to the
50 contrary.

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1 6. SALES, SERVICES, AND USE TAX REFUND. Taxes
2 paid pursuant to chapter ~~422~~ or 423 on the ~~gross~~
3 ~~receipts~~ sales price or rental price of property
4 purchased or rented by the primary business or a
5 supporting business for use by the primary business or
6 a supporting business within the zone or on gas,
7 electricity, water, and sewer utility services prior
8 to project completion shall be refunded to the primary
9 business or supporting business if the item was
10 purchased or the service was performed or received
11 prior to project completion. Claims under this
12 section shall be submitted on forms provided by the
13 department of revenue and finance not later than six
14 months after project completion. The refund in this
15 subsection shall not apply to furniture or
16 furnishings, or intangible property.

17 7. SALES, SERVICES, AND USE TAX REFUND –
18 CONTRACTOR OR SUBCONTRACTOR. The primary business or
19 a supporting business shall be entitled to a refund of
20 the sales and use taxes paid under ~~chapters 422 and~~
21 chapter 423 for gas, electricity, water, or sewer
22 utility services, goods, wares, or merchandise, or on
23 services rendered, furnished, or performed to or for a
24 contractor or subcontractor and used in the
25 fulfillment of a written contract relating to the
26 construction or equipping of a facility within the
27 zone of the primary business or a supporting business.
28 Taxes attributable to intangible property and
29 furniture and furnishings shall not be refunded.

30 To receive the refund a claim shall be filed by the
31 primary business or a supporting business with the
32 department of revenue and finance as follows:

33 a. The contractor or subcontractor shall state
34 under oath, on forms provided by the department, the
35 amount of the sales of goods, wares, or merchandise or
36 services rendered, furnished, or performed including
37 water, sewer, gas, and electric utility services for
38 use in the zone upon which sales or use tax has been
39 paid prior to the project completion, and shall file
40 the forms with the primary business or supporting
41 business before final settlement is made.

42 b. The primary business or a supporting business
43 shall, not more than six months after project
44 completion, make application to the department for any
45 refund of the amount of the sales and use taxes paid
46 pursuant to chapter ~~422~~ or 423 upon any goods, wares,
47 or merchandise, or services rendered, furnished, or
48 performed, including water, sewer, gas, and electric
49 utility services. The application shall be made in
50 the manner and upon forms to be provided by the

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1 department, and the department shall audit the claim
2 and, if approved, issue a warrant to the primary
3 business or supporting business in the amount of the
4 sales or use tax which has been paid to the state of
5 Iowa under a contract. A claim filed by the primary
6 business or a supporting business in accordance with
7 this subsection shall not be denied by reason of a
8 limitation provision set forth in chapter 421, 422, or
9 423.

10 c. A contractor or subcontractor who willfully
11 makes a false report of tax paid under the provisions
12 of this subsection is guilty of a simple misdemeanor
13 and in addition is liable for the payment of the tax
14 and any applicable penalty and interest.

15 Sec. __. Section 28A.17, unnumbered paragraph 1,
16 Code 2003, is amended to read as follows:

17 If an authority is established as provided in
18 section 28A.6 and after approval of a referendum by a
19 simple majority of votes cast in each metropolitan
20 area in favor of the sales and services tax, the
21 governing board of a county in this state within a
22 metropolitan area which is part of the authority shall
23 impose, at the request of the authority, a local sales
24 and services tax at the rate of one-fourth of one
25 percent on ~~gross receipts~~ the sales price taxed by
26 this state under ~~chapter 422, division IV section~~
27 423.2, within the metropolitan area located in this
28 state. The referendum shall be called by resolution
29 of the board and shall be held as provided in section
30 28A.6 to the extent applicable. The ballot
31 proposition shall contain a statement as to the
32 specific purpose or purposes for which the revenues
33 shall be expended and the date of expiration of the
34 tax. The local sales and services tax shall be
35 imposed on the same basis, with the same exceptions,
36 and following the same administrative procedures as
37 provided for a county under sections 422B.8 and
38 422B.9. The amount of the sale, for the purposes of
39 determining the amount of the local sales and services
40 tax under this section, does not include the amount of
41 any local sales and services tax imposed under
42 sections 422B.8 and 422B.9.

43 Sec. __. Section 29C.15, Code 2003, is amended to
44 read as follows:

45 29C.15 TAX-EXEMPT PURCHASES.

46 All purchases under the provisions of this chapter
47 shall be exempt from the taxes imposed by sections
48 ~~422-43 423.2~~ and ~~423-2 423.5~~.

49 Sec. __. Section 99E.10, subsection 1, paragraph
50 b, Code 2003, is amended to read as follows:

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1 b. An amount equal to the product of the state
2 sales tax rate under section ~~422.43~~ 423.2 multiplied
3 by the gross sales price of each ticket or share sold
4 shall be deducted as the sales tax on the sale of that
5 ticket or share, remitted to the treasurer of state
6 and deposited into the state general fund.

7 Sec. __. Section 123.187, subsection 2, Code
8 2003, is amended to read as follows:

9 2. A winery licensed or permitted pursuant to laws
10 regulating alcoholic beverages in a state which
11 affords this state an equal reciprocal shipping
12 privilege may ship into this state by private common
13 carrier, to a person twenty-one years of age or older,
14 not more than eighteen liters of wine per month, for
15 consumption or use by the person. Such wine shall not
16 be resold. Shipment of wine pursuant to this
17 subsection is not subject to sales tax under section
18 ~~422.43~~ 423.2, use tax under section ~~423.2~~ 423.5, or
19 the wine gallonage tax under section 123.183, and does
20 not require a refund value for beverage container
21 control purposes under chapter 455C.

22 Sec. __. Section 262.54, Code 2003, is amended to
23 read as follows:

24 262.54 COMPUTER SALES.
25 Sales, by an institution under the control of the
26 board of regents, of computer equipment, computer
27 software, and computer supplies to students and
28 faculty at the institution are retail sales under
29 chapter ~~422, division IV~~ 423.

30 Sec. __. Section 303.9, subsection 2, Code 2003,
31 is amended to read as follows:

32 2. The department may sell mementos and other
33 items relating to Iowa history and historic sites on
34 the premises of property under control of the
35 department and at the state capitol. Notwithstanding
36 sections 18.12 and 18.16, the department may directly
37 and independently enter into rental and lease
38 agreements with private vendors for the purpose of
39 selling mementos. All fees and income produced by the
40 sales and rental or lease agreements shall be credited
41 to the account of the department. The mementos and
42 other items sold by the department or vendors under
43 this subsection are exempt from section 18.6. ~~The~~
44 ~~department is not a retailer under chapter 422 and the~~
45 ~~sale of such mementos and other items by the~~
46 ~~department is not a retail sale under chapter 422 and~~
47 ~~is exempt from the sales tax.~~

48 Sec. __. Section 312.1, subsection 4, Code 2003,
49 is amended to read as follows:

50 4. To the extent provided in section ~~423.24~~

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1 ~~423.43~~, subsection 1, paragraph "b", from revenue
2 derived from the use tax, under chapter 423 on motor
3 vehicles, trailers, and motor vehicle accessories and
4 equipment.

5 Sec. ___. Section 312.2, subsections 14 and 16,
6 Code 2003, are amended to read as follows:

7 14. The treasurer of state, before making the
8 allotments provided for in this section, shall credit
9 monthly from the road use tax fund to the general fund
10 of the state from revenue credited to the road use tax
11 fund under section ~~423.24~~ 423.43, subsection 1,
12 paragraph "b", an amount equal to one-twentieth of
13 eighty percent of the revenue from the operation of
14 section ~~423.7~~ 423.26.

15 There is appropriated from the general fund of the
16 state for each fiscal year to the state department of
17 transportation the amount of revenues credited to the
18 general fund of the state during the fiscal year under
19 this subsection to be used for purposes of public
20 transit assistance under chapter 324A.

21 16. The treasurer of state, before making the
22 allotments provided for in this section, shall credit
23 monthly from the road use tax fund to the motorcycle
24 rider education fund established in section 321.180B,
25 an amount equal to one dollar per year of license
26 validity for each issued or renewed driver's license
27 which is valid for the operation of a motorcycle.
28 Moneys credited to the motorcycle rider education fund
29 under this subsection shall be taken from moneys
30 credited to the road use tax fund under section ~~423.24~~
31 423.43.

32 Sec. ___. Section 321.20, subsection 5, Code 2003,
33 is amended to read as follows:

34 5. The amount of tax to be paid under section
35 ~~423.7~~ 423.26.

36 Sec. ___. Section 321.24, subsections 1 and 3,
37 Code 2003, are amended to read as follows:

38 1. Upon receipt of the application for title and
39 payment of the required fees for a motor vehicle,
40 trailer, or semitrailer, the county treasurer or the
41 department shall, when satisfied as to the
42 application's genuineness and regularity, and, in the
43 case of a mobile home or manufactured home, that taxes
44 are not owing under chapter 435, issue a certificate
45 of title and, except for a mobile home or manufactured
46 home, a registration receipt, and shall file the
47 application, the manufacturer's or importer's
48 certificate, the certificate of title, or other
49 evidence of ownership, as prescribed by the
50 department. The registration receipt shall be

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1 delivered to the owner and shall contain upon its face
2 the date issued, the name and address of the owner,
3 the registration number assigned to the vehicle, the
4 amount of the fee paid, the amount of tax paid
5 pursuant to section ~~423.7~~ 423.26, the type of fuel
6 used, and a description of the vehicle as determined
7 by the department, and upon the reverse side a form
8 for notice of transfer of the vehicle. The name and
9 address of any lessee of the vehicle shall not be
10 printed on the registration receipt or certificate of
11 title. Up to three owners may be listed on the
12 registration receipt and certificate of title.

13 3. The certificate of title shall contain upon its
14 face the identical information required upon the face
15 of the registration receipt. In addition, the
16 certificate of title shall contain a statement of the
17 owner's title, the title number assigned to the owner
18 or owners of the vehicle, the amount of tax paid
19 pursuant to section ~~423.7~~ 423.26, the name and address
20 of the previous owner, and a statement of all security
21 interests and encumbrances as shown in the
22 application, upon the vehicle described, including the
23 nature of the security interest, date of notation, and
24 name and address of the secured party.

25 Sec. __. Section 321.34, subsection 7, paragraph
26 c, Code 2003, is amended to read as follows:

27 c. The fees for a collegiate registration plate
28 are as follows:

29 (1) A registration fee of twenty-five dollars.

30 (2) A special collegiate registration fee of
31 twenty-five dollars.

32 These fees are in addition to the regular annual
33 registration fee. The fees collected by the director
34 under this subsection shall be paid monthly to the
35 treasurer of state and credited by the treasurer of
36 state to the road use tax fund. Notwithstanding
37 section ~~423.24~~ 423.43 and prior to the revenues being
38 credited to the road use tax fund under section ~~423.24~~
39 423.43, subsection 1, paragraph "b", the treasurer of
40 state shall credit monthly from those revenues
41 respectively, to Iowa state university of science and
42 technology, the university of northern Iowa, and the
43 state university of Iowa, the amount of the special
44 collegiate registration fees collected in the previous
45 month for collegiate registration plates designed for
46 the university. The moneys credited are appropriated
47 to the respective universities to be used for
48 scholarships for students attending the universities.

49 Sec. __. Section 321.34, subsection 11, paragraph
50 c, Code 2003, is amended to read as follows:

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1 c. The special natural resources fee for letter
2 number designated natural resources plates is thirty-
3 five dollars. The fee for personalized natural
4 resources plates is forty-five dollars which shall be
5 paid in addition to the special natural resources fee
6 of thirty-five dollars. The fees collected by the
7 director under this subsection shall be paid monthly
8 to the treasurer of state and credited to the road use
9 tax fund. Notwithstanding section ~~423.24~~ 423.43, and
10 prior to the crediting of revenues to the road use tax
11 fund under section ~~423.24~~ 423.43, subsection 1,
12 paragraph "b", the treasurer of state shall credit
13 monthly from those revenues to the Iowa resources
14 enhancement and protection fund created pursuant to
15 section 455A.18, the amount of the special natural
16 resources fees collected in the previous month for the
17 natural resources plates.

18 Sec. __. Section 321.34, subsection 11A,
19 paragraph c, Code 2003, is amended to read as follows:

20 c. The special fee for letter number designated
21 love our kids plates is thirty-five dollars. The fee
22 for personalized love our kids plates is twenty-five
23 dollars, which shall be paid in addition to the
24 special love our kids fee of thirty-five dollars. The
25 fees collected by the director under this subsection
26 shall be paid monthly to the treasurer of state and
27 credited to the road use tax fund. Notwithstanding
28 section ~~423.24~~ 423.43, and prior to the crediting of
29 revenues to the road use tax fund under section ~~423.24~~
30 423.43, subsection 1, paragraph "b", the treasurer of
31 state shall transfer monthly from those revenues to
32 the Iowa department of public health the amount of the
33 special fees collected in the previous month for the
34 love our kids plates. Notwithstanding section 8.33,
35 moneys transferred under this subsection shall not
36 revert to the general fund of the state.

37 Sec. __. Section 321.34, subsection 11B,
38 paragraph c, Code 2003, is amended to read as follows:

39 c. The special fee for letter number designated
40 motorcycle rider education plates is thirty-five
41 dollars. The fee for personalized motorcycle rider
42 education plates is twenty-five dollars, which shall
43 be paid in addition to the special motorcycle rider
44 education fee of thirty-five dollars. The fees
45 collected by the director under this subsection shall
46 be paid monthly to the treasurer of state and credited
47 to the road use tax fund. Notwithstanding section
48 ~~423.24~~ 423.43, and prior to the crediting of revenues
49 to the road use tax fund under section ~~423.24~~ 423.43,
50 subsection 1, paragraph "b", the treasurer of state

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1 shall transfer monthly from those revenues to the
2 department for use in accordance with section
3 321.180B, subsection 6, the amount of the special fees
4 collected in the previous month for the motorcycle
5 rider education plates.

6 Sec. ___. Section 321.34, subsection 13, paragraph
7 d, Code 2003, is amended to read as follows:

8 d. A state agency may submit a request to the
9 department recommending a special registration plate.
10 The alternate fee for letter number designated plates
11 is thirty-five dollars with a ten dollar annual
12 special renewal fee. The fee for personalized plates
13 is twenty-five dollars which is in addition to the
14 alternative fee of thirty-five dollars with an annual
15 personalized plate renewal fee of five dollars which
16 is in addition to the special renewal fee of ten
17 dollars. The alternate fees are in addition to the
18 regular annual registration fee. The alternate fees
19 collected under this paragraph shall be paid monthly
20 to the treasurer of state and credited to the road use
21 tax fund. Notwithstanding section ~~423.24~~ 423.43, and
22 prior to the crediting of the revenues to the road use
23 tax fund under section ~~423.24~~ 423.43, subsection 1,
24 paragraph "b", the treasurer of state shall credit
25 monthly the amount of the alternate fees collected in
26 the previous month to the state agency that
27 recommended the special registration plate.

28 Sec. ___. Section 321.34, subsection 21, paragraph
29 c, Code 2003, is amended to read as follows:

30 c. The special fees collected by the director
31 under this subsection shall be paid monthly to the
32 treasurer of state and credited to the road use tax
33 fund. Notwithstanding section ~~423.24~~ 423.43, and
34 prior to the crediting of revenues to the road use tax
35 fund under section ~~423.24~~ 423.43, subsection 1,
36 paragraph "b", the treasurer of state shall credit
37 monthly to the Iowa heritage fund created under
38 section 303.9A the amount of the special fees
39 collected in the previous month for the Iowa heritage
40 plates.

41 Sec. ___. Section 321.34, subsection 22, paragraph
42 b, Code 2003, is amended to read as follows:

43 b. The special school transportation fee for
44 letter number designated education plates is thirty-
45 five dollars. The fee for personalized education
46 plates is twenty-five dollars, which shall be paid in
47 addition to the special school transportation fee of
48 thirty-five dollars. The annual special school
49 transportation fee is ten dollars for letter number
50 designated registration plates and is fifteen dollars

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1 for personalized registration plates which shall be
2 paid in addition to the regular annual registration
3 fee. The fees collected by the director under this
4 subsection shall be paid monthly to the treasurer of
5 state and credited to the road use tax fund.
6 Notwithstanding section ~~423.24~~ 423.43, and prior to
7 the crediting of revenues to the road use tax fund
8 under section ~~423.24~~ 423.43, subsection 1, paragraph
9 "b", the treasurer of state shall transfer monthly
10 from those revenues to the school budget review
11 committee in accordance with section 257.31,
12 subsection 17, the amount of the special school
13 transportation fees collected in the previous month
14 for the education plates.

15 Sec. ___. Section 321F.9, Code 2003, is amended to
16 read as follows:

17 321F.9 OPTION TO PURCHASE – DEALER'S LICENSE.

18 Any person engaged in business in this state shall
19 not enter into any agreement for the use of a motor
20 vehicle under the terms of which ~~such that~~ person
21 grants to another an option to purchase ~~such the~~ motor
22 vehicle without first having obtained a motor vehicle
23 dealer's license under the provisions of chapter 322,
24 and all sales of motor vehicles under such options
25 shall be subject to sales or use taxes imposed under
26 the provisions of ~~chapters 422 and chapter~~ chapter 423.
27 Nothing contained in this section shall require such
28 person to have a place of business as provided by
29 section 322.6, subsection 8.

30 Sec. ___. Section 327I.26, Code 2003, is amended
31 to read as follows:

32 327I.26 APPROPRIATION TO AUTHORITY.

33 Notwithstanding section ~~423.24~~ 423.43, and prior to
34 the application of section ~~423.24~~ 423.43, subsection
35 1, paragraph "b", there shall be deposited into the
36 general fund of the state and is appropriated to the
37 authority from eighty percent of the revenues derived
38 from the operation of section ~~423.7~~ 423.26, the
39 amounts certified by the authority under section
40 327I.25. However, the total amount deposited into the
41 general fund and appropriated to the Iowa railway
42 finance authority under this section shall not exceed
43 two million dollars annually. Moneys appropriated to
44 the Iowa railway finance authority under this section
45 are appropriated only for the payment of principal and
46 interest on obligations or the payment of leases
47 guaranteed by the authority as provided under section
48 327I.25.

49 Sec. ___. Section 328.26, unnumbered paragraph 2,
50 Code 2003, is amended to read as follows:

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1 When an aircraft is registered to a person for the
2 first time the fee submitted to the department shall
3 include the tax imposed by section ~~422.43~~ 423.2 or
4 section ~~423.2~~ 423.5 or evidence of the exemption of
5 the aircraft from the tax imposed under section ~~422.43~~
6 423.2 or ~~423.2~~ 423.5.

7 Sec. __. Section 331.557, subsection 3, Code
8 2003, is amended to read as follows:

9 3. Collect the use tax on vehicles subject to
10 registration as provided in sections ~~423.6, 423.7, and~~
11 423.7A, 423.14, 423.26, and 423.27.

12 Sec. __. Section 357A.15, unnumbered paragraph 2,
13 Code 2003, is amended to read as follows:

14 A rural water district organized under chapter 504A
15 shall receive a refund of sales or use taxes upon
16 submitting an application to the department of revenue
17 and finance for ~~such~~ the refund of taxes imposed upon
18 the ~~gross receipts~~ sales price of all sales of
19 building materials, supplies, or equipment sold to a
20 contractor or used in the fulfillment of a written
21 contract for the construction of facilities for ~~such~~
22 the rural water district to the same extent as a rural
23 water district organized under this chapter may obtain
24 a refund under section ~~422.45~~ 423.4, subsection 7 1.

25 Sec. __. Section 421.10, Code 2003, is amended to
26 read as follows:

27 421.10 APPEAL PERIOD – APPLICABILITY.

28 The appeal period for revision of assessment of
29 tax, interest, and penalties set out under section
30 ~~422.28, 422.54~~ 423.37, 437A.9, 437A.22, 452A.64,
31 453A.29, or 453A.46 applies to appeals to notices from
32 the department denying changes in filing methods,
33 denying refund claims, and denying portions of refund
34 claims for the tax covered by that section, and
35 notices of any department action directed to a
36 specific taxpayer, other than licensing, which
37 involves a calculation.

38 Sec. __. Section 421.17, subsection 22B, Code
39 2003, is amended to read as follows:

40 22B. ~~Enter~~ To enter into agreements or compacts
41 with remote sellers, retailers, or third-party
42 providers for the voluntary collection of Iowa sales
43 or use taxes attributable to sales into Iowa ~~and to~~
44 ~~enter. The director has the authority to enter~~ into
45 and perform all duties required of the office of
46 director by multistate agreements or compacts that
47 provide for the ~~voluntary~~ collection of sales and use
48 taxes, including joint audits with other states or
49 audits on behalf of other states. The agreements or
50 compacts shall generally conform to the provisions of

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1 Iowa sales and use tax statutes. All fees for
2 services, reimbursements, remuneration, incentives,
3 and costs incurred by the department associated with
4 these agreements or compacts may be paid or reimbursed
5 from the additional revenue generated. An amount is
6 appropriated from amounts generated to pay or
7 reimburse all costs associated with this subsection.
8 Persons entering into an agreement or compact with the
9 department pursuant to this subsection are subject to
10 the requirements and penalties of the confidentiality
11 laws of this state regarding tax information.
12 Notwithstanding any other provisions of law, the
13 contract, agreement, or compact shall provide for the
14 registration, collection, report, and verification of
15 amounts subject to this subsection.

16 Sec. __. Section 421.17, subsection 29, paragraph
17 j, Code 2003, is amended to read as follows:

18 j. The department's existing right to credit
19 against tax due or to become due under section 422.73
20 or 423.47 is not to be impaired by a right granted to
21 or a duty imposed upon the department or other state
22 agency by this subsection. This subsection is not
23 intended to impose upon the department any additional
24 requirement of notice, hearing, or appeal concerning
25 the right to credit against tax due under section
26 422.73 or 423.47.

27 Sec. __. Section 421.17, subsection 34, paragraph
28 i, Code 2003, is amended to read as follows:

29 i. The director may distribute to credit reporting
30 entities and for publication the names, addresses, and
31 amounts of indebtedness owed to or being collected by
32 the state if the indebtedness is subject to the
33 centralized debt collection procedure established in
34 this subsection. The director shall adopt rules to
35 administer this paragraph, and the rules shall provide
36 guidelines by which the director shall determine which
37 names, addresses, and amounts of indebtedness may be
38 distributed for publication. The director may
39 distribute information for publication pursuant to
40 this paragraph, notwithstanding sections 422.20,
41 422.72, and ~~423.23~~ 423.42, or any other provision of
42 state law to the contrary pertaining to
43 confidentiality of information.

44 Sec. __. Section 421.26, Code 2003, is amended to
45 read as follows:

46 421.26 PERSONAL LIABILITY FOR TAX DUE.

47 If a licensee or other person under section
48 452A.65, a retailer or purchaser under chapter 422A or
49 422B, or section ~~422.52~~ 423.31 or 423.33, or a
50 retailer or purchaser under section ~~423.13~~ 423.32 or a

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1 user under section ~~423.14~~ 423.34 fails to pay a tax
2 under those sections when due, an officer of a
3 corporation or association, notwithstanding sections
4 490A.601 and 490A.602, a member or manager of a
5 limited liability company, or a partner of a
6 partnership, having control or supervision of or the
7 authority for remitting the tax payments and having a
8 substantial legal or equitable interest in the
9 ownership of the corporation, association, limited
10 liability company, or partnership, who has
11 intentionally failed to pay the tax is personally
12 liable for the payment of the tax, interest, and
13 penalty due and unpaid. However, this section shall
14 not apply to taxes on accounts receivable. The
15 dissolution of a corporation, association, limited
16 liability company, or partnership shall not discharge
17 a person's liability for failure to remit the tax due.
18 Sec. ___. Section 421.28, Code 2003, is amended to
19 read as follows:

20 421.28 EXCEPTIONS TO SUCCESSOR LIABILITY.

21 The immediate successor to a licensee's or
22 retailer's business or stock of goods under chapter
23 422A or 422B, or section ~~422.52, 423.13, 423.14,~~
24 423.33 or 452A.65, is not personally liable for the
25 amount of delinquent tax, interest, or penalty due and
26 unpaid if the immediate successor shows that the
27 purchase of the business or stock of goods was made in
28 good faith that no delinquent tax, interest, or
29 penalty was due and unpaid. For purposes of this
30 section the immediate successor shows good faith by
31 evidence that the department had provided the
32 immediate successor with a certified statement that no
33 delinquent tax, interest, or penalty is unpaid, or
34 that the immediate successor had taken in good faith a
35 certified statement from the licensee, retailer, or
36 seller that no delinquent tax, interest, or penalty is
37 unpaid. When requested to do so by a person with whom
38 the licensee or retailer is negotiating the sale of
39 the business or stock of goods, the director of
40 revenue and finance shall, upon being satisfied that
41 such a situation exists, inform that person as to the
42 amount of unpaid delinquent tax, interest, or penalty
43 due by the licensee or the retailer. The giving of
44 the information under this circumstance is not a
45 violation of section 422.20, 422.72, or 452A.63.

46 Sec. ___. Section 421B.11, unnumbered paragraph 3,
47 Code 2003, is amended to read as follows:

48 Judicial review of the actions of the director may
49 be sought in accordance with the terms of the Iowa
50 administrative procedure Act, and section ~~422.55~~

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1 ~~423.38.~~

2 Sec. __. Section 422.7, subsection 21, paragraph
3 a, subparagraph (1), unnumbered paragraph 1, Code
4 2003, is amended to read as follows:

5 Net capital gain from the sale of real property
6 used in a business, in which the taxpayer materially
7 participated for ten years, as defined in section
8 469(h) of the Internal Revenue Code, and which has
9 been held for a minimum of ten years, or from the sale
10 of a business, as defined in section ~~422.42~~ 423.1, in
11 which the taxpayer was employed or in which the
12 taxpayer materially participated for ten years, as
13 defined in section 469(h) of the Internal Revenue
14 Code, and which has been held for a minimum of ten
15 years. The sale of a business means the sale of all
16 or substantially all of the tangible personal property
17 or service of the business.

18 Sec. __. Section 422.73, subsection 1, Code 2003,
19 is amended by striking the subsection.

20 Sec. __. Section 422A.1, unnumbered paragraphs 1,
21 3, 7, and 8, Code 2003, are amended to read as
22 follows:

23 A city or county may impose by ordinance of the
24 city council or by resolution of the board of
25 supervisors a hotel and motel tax, at a rate not to
26 exceed seven percent, which shall be imposed in
27 increments of one or more full percentage points upon
28 the ~~gross receipts~~ sales price from the renting of
29 sleeping rooms, apartments, or sleeping quarters in a
30 hotel, motel, inn, public lodging house, rooming
31 house, manufactured or mobile home which is tangible
32 personal property, or tourist court, or in any place
33 where sleeping accommodations are furnished to
34 transient guests for rent, whether with or without
35 meals; except the ~~gross receipts~~ sales price from the
36 renting of sleeping rooms in dormitories and in
37 memorial unions at all universities and colleges
38 located in the state of Iowa and the guests of a
39 religious institution if the property is exempt under

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1 renting of a sleeping room, apartment, or sleeping
2 quarters while rented by the same person for a period
3 of more than thirty-one consecutive days.

4 A local hotel and motel tax shall be imposed on
5 January 1, April 1, July 1, or October 1, following
6 the notification of the director of revenue and
7 finance. Once imposed, the tax shall remain in effect
8 at the rate imposed for a minimum of one year. A
9 local hotel and motel tax shall terminate only on
10 March 31, June 30, September 30, or December 31. At
11 least ~~forty-five~~ sixty days prior to the tax being
12 effective or prior to a revision in the tax rate, or
13 prior to the repeal of the tax, a city or county shall
14 provide notice by mail of such action to the director
15 of revenue and finance.

16 No tax permit other than the state sales tax permit
17 required under section ~~422.53~~ 423.36 may be required
18 by local authorities.

19 The tax levied shall be in addition to any state
20 sales tax imposed under section ~~422.43~~ 423.2. Section
21 422.25, subsection 4, sections 422.30, ~~422.48 to~~
22 ~~422.52, 422.54 to 422.58~~, 422.67, and 422.68, section
23 422.69, subsection 1, and sections 422.70 to 422.75,
24 section 423.14, subsection 1, and sections 423.23,
25 423.24, 423.25, 423.31, 423.33, 423.35, 423.37 to
26 423.42, and 423.47, consistent with the provisions of
27 this chapter, apply with respect to the taxes
28 authorized under this chapter, in the same manner and
29 with the same effect as if the hotel and motel taxes
30 were retail sales taxes within the meaning of those
31 statutes. Notwithstanding this paragraph, the
32 director shall provide for quarterly filing of returns
33 ~~as prescribed in section 422.51~~ and for other than
34 quarterly filing of returns both as prescribed in
35 section ~~422.51, subsection 2~~ 423.31. The director may
36 require all persons, as defined in section ~~422.42~~
37 423.1, who are engaged in the business of deriving
38 ~~gross receipts~~ any sales price subject to tax under
39 this chapter, to register with the department.

40 Sec. __. Section 422B.8, Code 2003, is amended to
41 read as follows:

42 422B.8 LOCAL SALES AND SERVICES TAX.

43 A local sales and services tax at the rate of not
44 more than one percent may be imposed by a county on
45 the ~~gross receipts~~ sales price taxed by the state
46 under chapter ~~422~~ 423, ~~division IV subchapter II~~. A
47 local sales and services tax shall be imposed on the
48 same basis as the state sales and services tax or in
49 the case of the use of natural gas, natural gas
50 service, electricity, or electric service on the same

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1 basis as the state use tax and shall not be imposed on
2 the sale of any property or on any service not taxed
3 by the state, except the tax shall not be imposed on
4 the ~~gross receipts~~ sales price from the sale of motor
5 fuel or special fuel as defined in chapter 452A which
6 is consumed for highway use or in watercraft or
7 aircraft if the fuel tax is paid on the transaction
8 and a refund has not or will not be allowed, on the
9 ~~gross receipts~~ sales price from the rental of rooms,
10 apartments, or sleeping quarters which are taxed under
11 chapter 422A during the period the hotel and motel tax
12 is imposed, on the ~~gross receipts~~ sales price from the
13 sale of equipment by the state department of
14 transportation, on the ~~gross receipts~~ sales price from
15 the sale of self-propelled building equipment, pile
16 drivers, motorized scaffolding, or attachments
17 customarily drawn or attached to self-propelled
18 building equipment, pile drivers, and motorized
19 scaffolding, including auxiliary attachments which
20 improve the performance, safety, operation, or
21 efficiency of the equipment and replacement parts and
22 are directly and primarily used by contractors,
23 subcontractors, and builders for new construction,
24 reconstruction, alterations, expansion, or remodeling
25 of real property or structures, and on the ~~gross~~
26 ~~receipts~~ sales price from the sale of a lottery ticket
27 or share in a lottery game conducted pursuant to
28 chapter 99E and except the tax shall not be imposed on
29 the ~~gross receipts~~ sales price from the sale or use of
30 natural gas, natural gas service, electricity, or
31 electric service in a city or county where the ~~gross~~
32 ~~receipts~~ sales price from the sale of natural gas or
33 electric energy are subject to a franchise fee or user
34 fee during the period the franchise or user fee is
35 imposed. A local sales and services tax is applicable
36 to transactions within those incorporated and
37 unincorporated areas of the county where it is imposed
38 and shall be collected by all persons required to
39 collect state ~~gross receipts~~ sales taxes. However, a
40 person required to collect state retail sales tax
41 under chapter ~~422~~ 423, ~~division IV~~ subchapter V or VI,
42 is not required to collect local sales and services
43 tax on transactions delivered within the area where
44 the local sales and services tax is imposed unless the
45 person has physical presence in that taxing area. All
46 cities contiguous to each other shall be treated as
47 part of one incorporated area and the tax would be
48 imposed in each of those contiguous cities only if the
49 majority of those voting in the total area covered by
50 the contiguous cities favor its imposition.

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1 The amount of the sale, for purposes of determining
2 the amount of the local sales and services tax, does
3 not include the amount of any state ~~gross receipts~~
4 ~~taxes~~ sales tax.

5 A tax permit other than the state sales tax permit
6 required under section ~~422.53 or 423.10~~ 423.36 shall
7 not be required by local authorities.

8 If a local sales and services tax is imposed by a
9 county pursuant to this chapter, a local excise tax at
10 the same rate shall be imposed by the county on the
11 purchase price of natural gas, natural gas service,
12 electricity, or electric service subject to tax under
13 chapter 423, subchapter III, and not exempted from tax
14 by any provision of chapter 423, subchapter III. The
15 local excise tax is applicable only to the use of
16 natural gas, natural gas service, electricity, or
17 electric service within those incorporated and
18 unincorporated areas of the county where it is imposed
19 and, except as otherwise provided in this chapter,
20 shall be collected and administered in the same manner
21 as the local sales and services tax. For purposes of
22 this chapter, "local sales and services tax" shall
23 also include the local excise tax.

24 Sec. __. Section 422B.9, subsections 1 and 2,
25 Code 2003, are amended to read as follows:

26 1. a. A local sales and services tax shall be
27 imposed either January 1 or July 1 following the
28 notification of the director of revenue and finance
29 but not sooner than ninety days following the
30 favorable election ~~and not sooner than sixty days~~
31 following notice to sellers, as defined in section
32 423.1. However, a jurisdiction which has voted to
33 continue imposition of the tax may impose that tax
34 without repeal of the prior tax.

35 b. A local sales and services tax shall be
36 repealed only on June 30 or December 31 but not sooner
37 than ninety days following the favorable election if
38 one is held. However, a local sales and services tax
39 shall not be repealed before the tax has been in
40 effect for one year. At least forty days before the
41 imposition or repeal of the tax, a county shall
42 provide notice of the action by certified mail to the
43 director of revenue and finance.

44 c. The imposition of or a rate change for a local
45 sales and service tax shall not be applied to
46 purchases from a printed catalog wherein a purchaser
47 computes the local tax based on rates published in the
48 catalog unless a minimum of one hundred twenty days'
49 notice of the imposition or rate change has been given
50 to the seller from the catalog and the first day of a

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1 calendar quarter has occurred on or after the one
2 hundred twentieth day.
3 e. d. If a local sales and services tax has been
4 imposed prior to April 1, 2000, and at the time of the
5 election a date for repeal was specified on the
6 ballot, the local sales and services tax may be
7 repealed on that date, notwithstanding paragraph "b".
8 2. a. The director of revenue and finance shall
9 administer a local sales and services tax as nearly as
10 possible in conjunction with the administration of
11 state ~~gross receipts~~ sales tax laws. The director
12 shall provide appropriate forms or provide on the
13 regular state tax forms for reporting local sales and
14 services tax liability.
15 b. The ordinance of a county board of supervisors
16 imposing a local sales and services tax shall adopt by
17 reference the applicable provisions of the appropriate
18 sections of ~~chapter 422, division IV, and~~ chapter 423.
19 All powers and requirements of the director to
20 administer the state ~~gross receipts~~ sales tax law and
21 use tax law are applicable to the administration of a
22 local sales and services tax law and the local excise
23 tax, including but not limited to, the provisions of
24 section 422.25, subsection 4, sections 422.30, ~~422.48~~
25 ~~to 422.52, 422.54 to 422.58, 422.67, and 422.68,~~
26 section 422.69, subsection 1, sections 422.70 to
27 422.75, 423.6, subsections 2 to 4, and sections 423.11
28 to 423.18, and 423.21 section 423.14, subsection 1 and
29 subsection 2, paragraphs "b" through "e", and sections
30 423.15, 423.23, 423.24, 423.25, 423.31 to 423.35,
31 423.37 to 423.42, 423.46, and 423.47. Local officials
32 shall confer with the director of revenue and finance
33 for assistance in drafting the ordinance imposing a
34 local sales and services tax. A certified copy of the
35 ordinance shall be filed with the director as soon as
36 possible after passage.
37 c. Frequency of deposits and quarterly reports of
38 a local sales and services tax with the department of
39 revenue and finance are governed by the tax provisions
40 in section ~~422.52~~ 423.31. Local tax collections shall
41 not be included in computation of the total tax to
42 determine frequency of filing under section ~~422.52~~
43 423.31.
44 d. The director shall apply a boundary change of a
45 county or city imposing or collecting the local sales
46 and service tax to the imposition or collection of
47 that tax only on the first day of a calendar quarter
48 which occurs sixty days or more after the director has
49 given notice of the boundary change to sellers.
50 Sec. ___. Section 422C.2, subsections 4 and 6,

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1 Code 2003, are amended to read as follows:

2 4. "Person" means person as defined in section
3 ~~422.42~~ 423.1.

4 6. "Rental price" means the consideration for
5 renting an automobile valued in money, and means the
6 same as "~~gross taxable services~~" "sales price" as
7 defined in section ~~422.42~~ 423.1.

8 Sec. __. Section 422C.3, Code 2003, is amended to
9 read as follows:

10 422C.3 TAX ON RENTAL OF AUTOMOBILES.

11 1. A tax of five percent is imposed upon the
12 rental price of an automobile if the rental
13 transaction is subject to the sales and services tax
14 under chapter ~~422~~ 423, ~~division IV subchapter II~~, or
15 the use tax under chapter 423, ~~subchapter III~~. The
16 tax shall not be imposed on any rental transaction not
17 taxable under the state sales and services tax, as
18 provided in section ~~422.45~~ 423.3, or the state use
19 tax, as provided in section ~~423.4~~ 423.6, on automobile
20 rental receipts.

21 2. The lessor shall collect the tax by adding the
22 tax to the rental price of the automobile.

23 3. The tax, when collected, shall be stated as a
24 distinct item separate and apart from the rental price
25 of the automobile and the sales and services tax
26 imposed under chapter ~~422~~ 423, ~~division IV subchapter~~
27 II, or the use tax imposed under chapter 423,
28 ~~subchapter III~~.

29 Sec. __. Section 422C.4, Code 2003, is amended to
30 read as follows:

31 422C.4 ADMINISTRATION AND ENFORCEMENT.

32 All powers and requirements of the director of
33 revenue and finance to administer the state ~~gross~~
34 ~~receipts~~ sales tax law under chapter ~~422~~, ~~division IV~~,
35 423 are applicable to the administration of the tax
36 imposed under section 422C.3, including but not
37 limited to section 422.25, subsection 4, sections
38 ~~422.30, 422.48 through 422.52, 422.54 through 422.58,~~
39 ~~422.67, and 422.68,~~ section 422.69, subsection 1, and
40 sections 422.70 through 422.75, section 423.14,
41 subsection 1, and sections 423.15, 423.23, 423.24,
42 423.25, 423.31, 423.33, 423.35 and 423.37 through
43 423.42, 423.45, 423.46, and 423.47. However, as an
44 exception to the powers specified in section ~~422.52,~~
45 ~~subsection 1~~ 423.31, the director shall only require
46 the filing of quarterly reports.

47 Sec. __. Section 422E.1, subsection 1, is amended
48 to read as follows:

49 1. A local sales and services tax for school
50 infrastructure purposes may be imposed by a county on

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1 behalf of school districts as provided in this
2 chapter.

3 If a local sales and services tax for school
4 infrastructure is imposed by a county pursuant to this
5 chapter, a local excise tax for school infrastructure
6 at the same rate shall be imposed by the county on the
7 purchase price of natural gas, natural gas service,
8 electricity, or electric service subject to tax under
9 chapter 423, subchapter III, and not exempted from tax
10 by any provision of chapter 423, subchapter III. The
11 local excise tax for school infrastructure is
12 applicable only to the use of natural gas, natural gas
13 service, electricity, or electric service within those
14 incorporated and unincorporated areas of the county
15 where it is imposed and, except as otherwise provided
16 in this chapter, shall be collected and administered
17 in the same manner as the local sales and services tax
18 for school infrastructure. For purposes of this
19 chapter, "local sales and services tax for school
20 infrastructure" shall also include the local excise
21 tax for school infrastructure.

22 Sec. __. Section 422E.3, subsections 1, 2, and 3,
23 Code 2003, are amended to read as follows:

24 1. If a majority of those voting on the question
25 of imposition of a local sales and services tax for
26 school infrastructure purposes favors imposition of
27 the tax, the tax shall be imposed by the county board
28 of supervisors within the county pursuant to section
29 422E.2, at the rate specified for a ten-year duration
30 on the ~~gross receipts~~ sales price taxed by the state
31 under chapter ~~422~~ 423, ~~division IV~~ subchapter II.

32 2. The tax shall be imposed on the same basis as
33 the state sales and services tax or in the case of the
34 use of natural gas, natural gas service, electricity,
35 or electric service on the same basis as the state use
36 tax and shall not be imposed on the sale of any
37 property or on any service not taxed by the state,
38 except the tax shall not be imposed on the ~~gross~~
39 ~~receipts~~ sales price from the sale of motor fuel or
40 special fuel as defined in chapter 452A which is
41 consumed for highway use or in watercraft or aircraft
42 if the fuel tax is paid on the transaction and a
43 refund has not or will not be allowed, on the ~~gross~~
44 ~~receipts~~ sales price from the rental of rooms,
45 apartments, or sleeping quarters which are taxed under
46 chapter 422A during the period the hotel and motel tax
47 is imposed, on the ~~gross receipts~~ sales price from the
48 sale of equipment by the state department of
49 transportation, on the ~~gross receipts~~ sales price from
50 the sale of self-propelled building equipment, pile

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1 drivers, motorized scaffolding, or attachments
2 customarily drawn or attached to self-propelled
3 building equipment, pile drivers, and motorized
4 scaffolding, including auxiliary attachments which
5 improve the performance, safety, operation, or
6 efficiency of the equipment, and replacement parts and
7 are directly and primarily used by contractors,
8 subcontractors, and builders for new construction,
9 reconstruction, alterations, expansion, or remodeling
10 of real property or structures, and on the ~~gross~~
11 ~~receipts sales price~~ from the sale of a lottery ticket
12 or share in a lottery game conducted pursuant to
13 chapter 99E and except the tax shall not be imposed on
14 the ~~gross receipts sales price~~ from the sale or use of
15 natural gas, natural gas service, electricity, or
16 electric service in a city or county where the ~~gross~~
17 ~~receipts sales price~~ from the sale of natural gas or
18 electric energy are subject to a franchise fee or user
19 fee during the period the franchise or user fee is
20 imposed.

21 3. The tax is applicable to transactions within
22 the county where it is imposed and shall be collected
23 by all persons required to collect state ~~gross~~
24 ~~receipts sales~~ or local excise taxes. However, a
25 person required to collect state ~~retail~~ sales tax
26 under chapter ~~422, division IV, 423~~ is not required to
27 collect local sales and services tax on transactions
28 delivered within the area where the local sales and
29 services tax is imposed unless the person has physical
30 presence in that taxing area. The amount of the sale,
31 for purposes of determining the amount of the tax,
32 does not include the amount of any state ~~gross~~
33 ~~receipts sales taxes~~ or excise taxes or other local
34 option sales or excise taxes. A tax permit other than
35 the state tax permit required under section ~~422.53 or~~
36 ~~423.10 423.36~~ shall not be required by local
37 authorities.

38 Sec. __. Section 425.30, Code 2003, is amended to
39 read as follows:

40 425.30 NOTICES.

41 Section ~~422.57 423.39~~, subsection 1, shall apply to
42 all notices under this division.

43 Sec. __. Section 425.31, Code 2003, is amended to
44 read as follows:

45 425.31 APPEALS.

46 Any person aggrieved by an act or decision of the
47 director of revenue and finance or the department of
48 revenue and finance under this division shall have the
49 same rights of appeal and review as provided in
50 sections 421.1 and ~~422.55 423.38~~ and the rules of the

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1 department of revenue and finance.

2 Sec. __. Section 452A.66, unnumbered paragraph 1,
3 Code 2003, is amended to read as follows:

4 The appropriate state agency shall administer the
5 taxes imposed by this chapter in the same manner as
6 and subject to section 422.25, subsection 4 and
7 section ~~422.52, subsection 3~~ 423.35.

8 Sec. __. Section 455B.455, Code 2003, is amended
9 to read as follows:

10 455B.455 SURCHARGE IMPOSED.

11 A land burial surcharge tax of two percent is
12 imposed on the fee for land burial of a hazardous
13 waste. The owner of the land burial facility shall
14 remit the tax collected to the director of revenue and
15 finance after consultation with the director according
16 to rules that the director shall adopt. The director
17 shall forward a copy of the site license to the
18 director of revenue and finance which shall be the
19 appropriate license for the collection of the land
20 burial surcharge tax and shall be subject to
21 suspension or revocation if the site license holder
22 fails to collect or remit the tax collected under this
23 section. The provisions of ~~sections~~ section 422.25,
24 subsection 4, sections 422.30, ~~422.48 to 422.52,~~
25 ~~422.54 to 422.58,~~ 422.67, and 422.68, section 422.69,
26 subsection 1, and sections 422.70 to 422.75, section
27 423.14, subsection 1, and sections 423.23, 423.24,
28 423.25, 423.31, 423.33, 423.35, 423.37 to 423.42, and
29 423.47, consistent with the provisions of this part 6
30 of division IV, shall apply with respect to the taxes
31 authorized under this part, in the same manner and
32 with the same effect as if the land burial surcharge
33 tax were ~~retail~~ sales taxes within the meaning of
34 those statutes. Notwithstanding the provisions of
35 this ~~paragraph~~ section, the director shall provide for
36 only quarterly filing of returns as prescribed in
37 section ~~422.51~~ 423.31. Taxes collected by the
38 director of revenue and finance under this section
39 shall be deposited in the general fund of the state.

40 Sec. __. Section 455G.3, subsection 1, Code 2003,
41 is amended to read as follows:

42 1. The Iowa comprehensive petroleum underground
43 storage tank fund is created as a separate fund in the
44 state treasury, and any funds remaining in the fund at
45 the end of each fiscal year shall not revert to the
46 general fund but shall remain in the Iowa
47 comprehensive petroleum underground storage tank fund.
48 Interest or other income earned by the fund shall be
49 deposited in the fund. The fund shall include moneys
50 credited to the fund under this section, section

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1 ~~423.24~~ 423.43, subsection 1, paragraph "a", and
2 sections 455G.8, 455G.9, and 455G.11, and other funds
3 which by law may be credited to the fund. The moneys
4 in the fund are appropriated to and for the purposes
5 of the board as provided in this chapter. Amounts in
6 the fund shall not be subject to appropriation for any
7 other purpose by the general assembly, but shall be
8 used only for the purposes set forth in this chapter.
9 The treasurer of state shall act as custodian of the
10 fund and disburse amounts contained in it as directed
11 by the board including automatic disbursements of
12 funds as received pursuant to the terms of bond
13 indentures and documents and security provisions to
14 trustees and custodians. The treasurer of state is
15 authorized to invest the funds deposited in the fund
16 at the direction of the board and subject to any
17 limitations contained in any applicable bond
18 proceedings. The income from such investment shall be
19 credited to and deposited in the fund. The fund shall
20 be administered by the board which shall make
21 expenditures from the fund consistent with the
22 purposes of the programs set out in this chapter
23 without further appropriation. The fund may be
2

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1 shall be funded by that portion of the proceeds of the
2 use tax imposed under chapter 423, subchapter III, and
3 other moneys and revenues budgeted to the remedial
4 account by the board.

5 Sec. ___. Section 2.67, Code 2003, is repealed.

6 Sec. ___. CODE EDITOR DIRECTIVE. The Code editor
7 is directed to transfer Code chapter 423A to Code
8 chapter 421A and to transfer Code chapters 422A, 422B,
9 422C, and 422E to Code chapters 423A, 423B, 423C, and
10 423E, respectively. The Code editor is directed to
11 correct Code references as required due to the changes
12 made in this Act.

13 SALES TAX ADVISORY COUNCIL

14 Sec. ___. IOWA STREAMLINED SALES TAX ADVISORY
15 COUNCIL.

16 1. An Iowa streamlined sales tax advisory council
17 is created. The advisory council shall review, study,
18 and submit recommendations to the Iowa streamlined
19 sales and use tax delegation regarding the proposed
20 streamlined sales and use tax agreement formalized by
21 the project's implementing sales on November 12, 2002,
22 the proposed language conforming Iowa's sales and use
23 tax to the national agreement, and the following
24 issues:

25 a. Uniform definitions proposed in the current
26 streamlined sales and use tax agreement and future
27 proposals.

28 b. Effects upon taxability of items newly defined
29 in Iowa.

30 c. Impacts upon business as a result of the
31 streamlined sales and use tax.

32 d. Technology implementation issues.

33 e. Any other issues that are brought before the
34 streamlined sales and use tax implementing state or
35 the streamlined sales and use tax governing board.

36 2. The department shall provide administrative
37 support to the Iowa streamlined sales tax advisory
38 council. The advisory council shall be representative
39 of Iowa's business community and economy when
40 reviewing and recommending solutions to streamlined
41 sales and use tax issues. The advisory council shall
42 provide the general assembly and the governor with
43 final recommendations made to the Iowa streamlined
44 sales and use tax delegation upon the conclusion of
45 each calendar year.

46 3. The director of revenue, in consultation with
47 the Iowa taxpayers association and the Iowa
48 association of business and industry, shall appoint
49 members to the Iowa streamlined sales tax advisory
50 council, which shall consist of the following members:

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- 1 a. One member from the department of revenue and
- 2 finance.
- 3 b. Three members representing small Iowa
- 4 businesses, at least one of whom must be a retailer,
- 5 and at least one of whom shall be a supplier.
- 6 c. Three members representing medium Iowa
- 7 businesses, at least one of whom shall be a retailer,
- 8 and at least one of whom shall be a supplier.
- 9 d. Three members representing large Iowa
- 10 businesses, at least one of whom shall be a retailer,
- 11 and at least one of whom shall be a supplier.
- 12 e. One member representing taxpayers as a whole.
- 13 f. One member representing the retail community as
- 14 a whole.
- 15 g. Any other member the director of revenue and
- 16 finance deems appropriate.
- 17 Sec. __. EFFECTIVE DATE. Except for the section
- 18 creating the Iowa streamlined sales tax advisory
- 19 council, this division of this Act takes effect July
- 20 1, 2004."
- 21 2. Title page, line 11, by inserting after the
- 22 word "council," the following: "providing for a
- 23 streamlined sales and use tax law,".

Jenkins of Black Hawk offered the following amendment [H-1571](#), to amendment [H-1517](#), filed by him from the floor and moved its adoption:

H-1571

- 1 Amend the amendment, H-1517, to [House File 683](#) as
- 2 follows:
- 3 1. Page 27, line 27, by inserting after the word
- 4 "payment" the following: ", other than food which
- 5 would be qualified for exemption under subsection 57
- 6 if purchased with a coupon described in subsection
- 7 57".
- 8 2. Page 27, line 30, by inserting after the word
- 9 "seller" the following: ", including food sold by a
- 10 caterer".
- 11 3. Page 27, line 32, by striking the word
- 12 ""Prepared".
- 13 4. Page 27, by striking lines 33 through 40 and
- 14 inserting the following:
- 15 "(4) "Prepared food", for the purposes of this
- 16 paragraph, does not include food that is any of the

17 following:

- 18 (a) Only cut, repackaged, or pasteurized by the
19 seller.
- 20 (b) Eggs, fish, meat, poultry, and foods
21 containing these raw animal foods requiring cooking by
22 the consumer as recommended by the United States food
23 and drug administration in chapter 3, part 401.11 of
24 its food code, so as to prevent food borne illnesses.
- 25 (c) Bakery items sold by the seller which baked
26 them. The words "bakery items" includes but is not
27 limited to breads, rolls, buns, biscuits, bagels,
28 croissants, pastries, donuts, Danish, cakes, tortes,
29 pies, tarts, muffins, bars, cookies, and tortillas.
- 30 (d) Food sold without eating utensils provided by
31 the seller in an unheated state as a single item which
32 is priced by weight or volume."

A non-record roll call was requested.

The ayes were 44, nays none.

Amendment [H-1571](#) was adopted.

Jenkins of Black Hawk offered the following amendment [H-1565](#),
to amendment [H-1517](#), filed by him from the floor and moved its
adoption:

H-1565

- 1 Amend the amendment, H-1517, to [House File 683](#), as
2 follows:
- 3 1. Page 45 by inserting after line 5 the
4 following:
- 5 "b. That in transactions, except those subject to
6 paragraph "c", in which tangible personal property is
7 traded toward the purchase price of other tangible
8 personal property the purchase price is only that
9 portion of the purchase price which is payable in
10 money to the retailer if the following conditions are
11 met:
- 12 (1) The tangible personal property traded to the
13 retailer is the type of property normally sold in the
14 regular course of the retailer's business.
- 15 (2) The tangible personal property traded to the
16 retailer is intended by the retailer to be ultimately
17 sold at retail or is intended to be used by the
18 retailer or another in the remanufacturing of a like
19 item."

20 2. Page 45, line 6, by striking the letter "b."
21 and inserting the following: "c."

Amendment [H-1565](#) was adopted.

Jenkins of Black Hawk moved the adoption of amendment [H-1517](#), as amended.

Amendment [H-1517](#), as amended, was adopted.

Hoffman of Crawford offered amendment [H-1518](#), previously deferred, filed by him as follows:

H-1518

1 Amend [House File 683](#) as follows:
2 1. Page 1, line 21, by striking the word "five",
3 and inserting the following: "six".
4 2. Page 1, by striking line 30 and inserting the
5 following:
6 "2. The director and a representative of the Iowa
7 capital investment board, created in section 15E.63,
8 shall serve as ex officio members of the".
9 3. Page 4, by inserting after line 8 the
10 following:
11 "10. A voting member of the board shall abstain
12 from voting on the provision of financial assistance
13 to a project which is located in the county in which
14 the voting member of the board resides."
15 4. Page 5, line 7, by inserting after the word
16 "investments." the following: "State agencies and
17 other entities receiving moneys from the fund shall
18 cooperate with and assist the board in the compilation
19 of the report."
20 5. Page 5, by inserting after line 7 the
21 following:
22 "8. Make a determination to discontinue providing
23 moneys to the entity if an entity receiving moneys
24 from the Iowa values fund does not meet criteria
25 required by an agreement with the board.
26 9. Adopt administrative rules pursuant to chapter
27 17A necessary to administer this chapter."
28 6. Page 5, line 27, by striking the figure
29 "95,000,000", and inserting the following:
30 "90,000,000".
31 7. Page 5, line 29, by striking the figure
32 "65,000,000", and inserting the following:
33 "60,000,000".
34 8. Page 5, line 30, by striking the figure

35 "65,000,000", and inserting the following:
36 "60,000,000".
37 9. Page 5, line 31, by striking the figure
38 "55,000,000", and inserting the following:
39 "50,000,000".
40 10. Page 6, line 23, by inserting after the word
41 "purposes" the following: "as set out in section
42 15E.111".
43 11. Page 6, line 25, by inserting after the word
44 "section" the following: "to procure technical
45 assistance from either the public or private sector,".
46 12. Page 6, line 25, by striking the word
47 "purposes" and inserting the following: "purposes,".
48 13. Page 6, by striking lines 26 through 30 and
49 inserting the following: "rail, air, or river port
50 transportation-related purposes. The use of moneys

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1 appropriated for rail, air, or river port
2 transportation-related purposes must be directly
3 related to an economic development project and the

34 453, if enacted."
 35 15. Page 7, by inserting after line 18 the
 36 following:
 37 "4. When awarding moneys appropriated under this
 38 section, the vision Iowa board shall give the
 39 consideration in section 15F.203, subsection 3,
 40 paragraph "c", priority over the other listed
 41 considerations listed in section 15F.203, subsection
 42 3."
 43 16. Page 8, line 5, by inserting after the figure
 44 "422E.3A" the following: ", if enacted by 2003 Iowa
 45 Acts, [Senate File 445](#)".
 46 17. Page 8, line 6, by striking the figure
 47 "300,000,000", and inserting the following:
 48 "250,000,000".
 49 18. Page 9, line 2, by inserting after the word
 50 "section" the following: "and provided applications

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1 are submitted meeting the requirements of the Iowa
 2 values board".
 3 19. Page 9, by inserting after line 23 the
 4 following:
 5 "Sec. __. ENDOW IOWA TAX CREDITS.
 6 1. There is appropriated from the Iowa values fund
 7 created in section 15G.105 to the general fund of the
 8 state, for the fiscal year beginning July 1, 2003, and
 9 ending June 30, 2004, the following amount, or so much
 10 thereof as is necessary, to be used for the purpose
 11 designated:
 12 For payment of endow Iowa tax credits authorized
 13 pursuant to section 15E.225:
 14 \$ 2,000,000
 15 2. Notwithstanding section 8.33, moneys that
 16 remain unexpended at the end of a fiscal year shall
 17 not revert to any fund but shall remain available for
 18 expenditure for the designated purposes during the
 19 succeeding fiscal year."
 20 20. Page 9, line 24, by striking the word "SEED".
 21 21. Page 9, line 30, by striking the word "seed".
 22 22. Page 10, line 8, by inserting after the words
 23 "assistance for" the following: "projects in
 24 targeted".
 25 23. Page 10, line 33, by striking the figure
 26 "30,000,000", and inserting the following:
 27 "20,000,000".
 28 24. Page 11, by inserting after line 2 the
 29 following:
 30 "3. The entities required to approve applications
 31 for financial assistance from moneys appropriated
 32 under this section shall be as follows:

33 a. For projects totaling one million dollars or
 34 less, the department of economic development shall
 35 approve, deny, or defer the application.
 36 b. For projects totaling between one million
 37 dollars and three million dollars, the executive
 38 council of the Iowa values board shall approve, deny,
 39 or defer the application.
 40 c. For projects totaling three million dollars or
 41 more, the Iowa values board shall approve, deny, or
 42 defer the application."
 43 25. Page 11, line 10, by inserting after the word
 44 "credits" the following: "and payments to
 45 contributors approved pursuant to section 15E.232".
 46 26. Page 11, by striking lines 21 through 26 and
 47 inserting the following:
 48 "3. Any moneys appropriated under this section
 49 that remain unobligated on June 30, 2008, shall be
 50 used for providing financial assistance under section

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1 15E.232, subsections 3, 4, 5, and 6, for the fiscal
 2 year beginning July 1, 2008."
 3 27. Page 11, lines 34 and 35, by striking the
 4 words "the Iowa corn growers association and the Iowa
 5 soybean association" and inserting the following:
 6 "~~the Iowa corn growers association and the Iowa~~
 7 ~~soybean association~~ Iowa commodity groups".
 8 28. Page 12, line 6, by inserting after the word
 9 "facilities." the following: "The department of
 10 economic development may consult with other state
 11 agencies regarding any possible future environmental,
 12 health, or safety issues linked to technology related
 13 to the biotechnology industry."
 14 29. Page 12, line 7, by inserting after the word
 15 "shall" the following: "prefer producer-owned, value-
 16 added businesses and".
 17 30. Page 12, line 32, by striking the words "or
 18 biodiesel or in the", and inserting the following: ",
 19 biodiesel, biomass, or in the".
 20 31. Page 13, line 5, by inserting after the word
 21 "agriculture." the following: "For purposes of this
 22 subsection, "producer-owned, valued-added business"
 23 means a person who holds an equity interest in the
 24 agricultural business and is personally involved in
 25 the production of crops or livestock on a regular,
 26 continuous, and substantial basis."
 27 32. Page 13, line 33, by striking the word
 28 "SEED".
 29 33. Page 14, by striking line 5 and inserting the
 30 following: "philanthropic activity by providing
 31 capital to new and existing citizen".

32 34. Page 14, line 33, by striking the word
33 "SEED".
34 35. Page 15, line 10, by striking the word
35 "this", and inserting the following: "the".
36 36. Page 15, by striking line 15 and inserting
37 the following: "endow Iowa grants to new and existing
38 qualified community foundations and to community
39 affiliate organizations".
40 37. Page 15, line 22, by inserting after the word
41 "funds." the following: "A qualified community
42 foundation shall not be required to meet this
43 requirement."
44 38. Page 15, line 25, by striking the word
45 "charities", and inserting the following:
46 "organizations".
47 39. Page 15, line 26, by inserting after the word
48 "the" the following: "qualified community foundation
49 or the".
50 40. Page 15, by striking lines 27 through 29 and

Page 5

1 inserting the following:
2 "3. Endow Iowa grants awarded to new and existing
3 qualified community foundations and to community
4 affiliate organizations shall not exceed twenty-five
5 thousand dollars per foundation or organization unless
6 a foundation or organization demonstrates a multiple".
7 41. Page 15, line 30, by striking the word
8 "seed".
9 42. By striking page 15, line 35, through page
10 16, line 1, and inserting the following:
11 "a. The demonstrated need for financial
12 assistance."
13 43. Page 16, line 5, by striking the words "The
14 demonstrated", and inserting the following: "For
15 community affiliate organizations, the demonstrated".
16 44. Page 19, line 11, by inserting after the
17 figure "2008," the following: "except those described
18 in paragraph "b,"".
19 45. Page 19, by striking line 29 and inserting
20 the following:
21 "b. Subject to the provisions of paragraph "c", an
22 organization exempt from federal income tax pursuant
23 to section 501(c) of the Internal Revenue Code making
24 a contribution to an economic development region
25 revolving fund at any time prior to July 1, 2008,
26 shall be paid from the general fund of the state an
27 amount equal to twenty percent of such contributed
28 amount within thirty days after the end of the fiscal
29 year during which the contribution was made.
30 c. The aggregate amount of tax credits and

31 payments to contributors, referred to as the credit
32 amount, authorized pursuant".
33 46. Page 19, line 31, by striking the words
34 "amount of tax credits", and inserting the following:
35 "credit amount".
36 47. By striking page 19, line 33, through page
37 20, line 1, and inserting the following: "unused
38 credit amount carried over from previous years. Any
39 credit amount which remains unused for a fiscal year
40 may be carried forward to the succeeding fiscal year.
41 The maximum credit amount that may be authorized in a
42 fiscal year for".
43 48. Page 20, line 4, by striking the words "tax
44 credits", and inserting the following: "credit
45 amount".
46 49. Page 20, line 7, by striking the letter "c",
47 and inserting the following: "d."
48 50. Page 20, line 8, by inserting after the word
49 "section" the following: "and payments to
50 contributors described in paragraph "b"".

Page 6

1 51. Page 21, by striking lines 9 and 10 and
2 inserting the following: "more regions. The board
3 shall take into consideration the geographical
4 disbursement of the pilot projects. The department of
5 economic development shall".
6 52. By striking page 21, line 18, through page
7 22, line 22, and inserting the following:
8 "1. An approved economic development region may
9 apply to the Iowa values board for approval to be
10 designated as an economically isolated area based on
11 criteria as determined by the board. An economically
12 isolated area must consist of at least one county
13 meeting the county distress criteria provided in
14 section 15E.194. The board shall approve no more than
15 five regions as economically isolated areas.
16 2. An approved economically isolated area may
17 apply to the department of economic development for
18 financial assistance of up to seven hundred fifty
19 thousand dollars over a five-year period for purposes
20 of economic development-related marketing assistance
21 for the area. In order to receive financial
22 assistance pursuant to this subsection, the
23 economically isolated area must demonstrate the
24 ability to provide matching moneys on a one-to-one
25 basis."
26 53. Page 23, line 35, by striking the words and
27 figures "through the fiscal year beginning July 1,
28 2007", and inserting the following: "and for every
29 fiscal year thereafter".

30 54. Page 24, by striking lines 4 through 9 and
31 inserting the following: "funds in amounts determined
32 pursuant to subsection 3. Moneys".

33 55. Page 24, line 20, by inserting after the
34 figure "260G." the following: "Notwithstanding
35 section 260G.4B, projects funded with moneys from
36 workforce training and economic development funds
37 shall be approved by the Iowa values board established
38 in section 15G.103."

39 56. Page 24, line 32, by inserting after the word
40 "programs." the following: "Moneys from workforce
41 training and economic development funds that are
42 expended for purposes of this paragraph shall be
43 approved by the Iowa values board established in
44 section 15G.103."

45 57. Page 25, line 8, by inserting after the word
46 "The" the following: "department of economic
47 development, in conjunction with the".

48 58. Page 25, lines 8 and 9, by striking the words
49 ", in conjunction with" and inserting the following:
50 "and".

Page 7

1 59. Page 26, by striking lines 2 through 6.

2 60. By striking page 26, line 35, through page
3 39, line 18.

4 61. Page 39, line 26, by striking the word
5 "revitalization", and inserting the following:
6 "growth".

7 62. Page 40, line 18, by striking the word "one",
8 and inserting the following: "two".

9 63. By renumbering as necessary.

Watts of Dallas asked and received unanimous consent to withdraw amendment [H-1560](#), to amendment [H-1518](#), filed by him from the floor.

Fallon of Polk asked and received unanimous consent to withdraw amendments [H-1536](#), [H-1537](#), [H-1538](#) and [H-1539](#) to amendment [H-1518](#), filed by him from the floor.

Hoffman of Crawford offered the following amendment [H-1549](#), to amendment [H-1518](#), filed by him from the floor and moved its adoption:

H-1549

1 Amend the amendment, H-1518, to [House File 683](#) as

2 follows:

- 3 1. Page 2, line 24, by inserting after the figure
4 "2004," the following: "up to".
- 5 2. Page 2, line 30, by inserting after the figure
6 "2005," the following: "up to".

Amendment [H-1549](#) was adopted.

Watts of Dallas asked and received unanimous consent to withdraw amendment [H-1559](#), to amendment [H-1518](#), filed by him from the floor.

On motion by Hoffman of Crawford, amendment [H-1518](#), as amended, was adopted.

RULE 32 SUSPENDED

Fallon of Polk rose on a point of order and invoked Rule 32 to refer [House File 683](#) to the committee on appropriations.

The Speaker ruled the point well taken, Rule 32 in order and [House File 683](#) was referred to the committee on appropriations.

Gipp of Winneshiek moved that Rule 32 be suspended to continue debate on [House File 683](#).

A non-record roll call was requested.

The ayes were 36, nays 6.

The motion prevailed and Rule 32 was suspended.

Tymeson of Madison in the chair at 8:57 p.m.

Speaker Rants in the chair at 9:01 p.m.

Hoffman of Crawford moved that the bill be read a last time now and placed upon its passage which motion prevailed and the bill was read a last time.

On the question "Shall the bill pass?" ([H.F. 683](#))

The ayes were, 79:

Alons	Arnold	Baudler	Bell
Berry	Boguess	Carroll	Chambers
Cohoon	Dandekar	Davitt	Dennis
Dolecheck	Drake	Elgin	Foege
Ford	Freeman	Frevert	Gaskill
Gipp	Greimann	Hansen	Heaton
Heddens	Hoffman	Horbach	Hunter
Huseman	Hutter	Jacobs	Jenkins
Jochum	Jones	Klemme	Kramer
Kuhn	Kurtenbach	Lensing	Lukan
Lykam	Maddox	Manternach	Mascher
McCarthy	Miller	Murphy	Myers
Oldson	Olson, D.	Olson, S.	Osterhaus
Petersen	Quirk	Raecker	Rayhons
Reasoner	Roberts	Schickel	Shoultz
Smith	Stevens	Struyk	Swaim
Taylor, D.	Taylor, T.	Thomas	Tjepkes
Tymeson	Upmeyer	Van Engelenhoven	Van Fossen, J.R.
Wendt	Whitaker	Whitead	Wilderdyke
Winckler	Wise	Mr. Speaker	
		Rants	

The nays were, 19:

Boal	Boddicker	De Boef	Dix
Eichhorn	Fallon	Granzow	Greiner
Hahn	Hanson	Hogg	Huser
Lalk	Mertz	Paulsen	Rasmussen
Sands	Van Fossen, J.K.	Watts	

Absent or not voting, 2:

Bukta	Connors
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The bill having received a constitutional majority was declared to have passed the House and the title was agreed to.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker: I am directed to inform your honorable body that the Senate has on April 30, 2003, concurred in the House amendment to the Senate amendment, and passed the following bill in which the concurrence of the Senate was asked:

[House File 534](#), a bill for an act providing for the reorganization of certain state departments by establishing a department of administrative services, making related changes, providing penalties, and providing an effective date.

Also: That the Senate has on April 30, 2003, amended and passed the following bill in which the concurrence of the House is asked:

[House File 549](#), a bill for an act relating to the duties and operations of the department of education and school boards.

Also: That the Senate has on April 30, 2003, amended and passed the following bill in which the concurrence of the House is asked:

[House File 595](#), a bill for an act relating to certain voluntary annexations and to involuntary annexations and providing an effective date.

Also: That the Senate has on April 30, 2003, passed the following bill in which the concurrence of the Senate was asked:

[House File 671](#), a bill for an act relating to the recycling property exemption from property tax and including an applicability date.

Also: That the Senate has on April 30, 2003, passed the following bill in which the concurrence of the Senate was asked:

[House File 680](#), a bill for an act relating to licenses for bait dealers by creating resident and nonresident wholesale bait dealer licenses, providing reciprocity, and providing an effective date.

Also: That the Senate has on April 30,

IMMEDIATE MESSAGE

Gipp of Winneshiek asked and received unanimous consent that [House File 683](#) be immediately messaged to the Senate.

Gipp of Winneshiek asked unanimous consent for the immediate consideration of [House File 701](#).

Objection was raised.

Gipp of Winneshiek moved to suspend the rules for the immediate consideration of [House File 701](#).

A non-record roll call was requested.

The ayes were 51, nays 44.

The motion prevailed and the rules were suspended.

HOUSE STUDY BILL SUBCOMMITTEE ASSIGNMENT

[House Study Bill 319](#)

Ways and Means: J.K. Van Fossen, Chair; K. Kramer and Shoultz

COMMITTEE RECOMMENDATION

MR. SPEAKER: The Chief Clerk of the House respectfully reports that the following committee recommendation has been received and is on file in the office of the Chief Clerk.

COMMITTEE ON WAYS AND MEANS

Committee Bill (Formerly [House Study Bill 319](#)), relating to the individual income tax by reducing the tax rates and number of tax brackets and including a contingent effective and applicability date provision.

Fiscal Note is not required.

Recommended **Do Pass** April 29, 2003.

Ways and Means Calendar

[House File 701](#), a bill for an act relating to the individual income tax by reducing the tax rates and number of tax brackets and including a contingent effective and applicability date provision, was taken up for consideration.

Shultz of Black Hawk asked and received unanimous consent to withdraw amendment [H-1569](#) filed by him from the floor.

J. K. Van Fossen of Scott offered the following amendment [H-1563](#) filed by him from the floor and moved its adoption:

H-1563

1 Amend [House File 701](#) as follows:
2 1. Page 2, by inserting after line 27 the
3 following:
4 "Sec. __. Section 422.5, subsection 2, Code 2003,
5 is amended to read as follows:
6 2. However, the tax shall not be imposed on a
7 resident or nonresident whose net income, as defined
8 in section 422.7, is ~~thirteen fifteen~~ thousand five
9 ~~hundred~~ dollars or less in the case of married persons
10 filing jointly or filing separately on a combined
11 return, unmarried heads of household, and surviving
12 spouses or ~~nine eleven~~ thousand dollars or less in the
13 case of all other persons; but in the event that the
14 payment of tax under this division would reduce the
15 net income to less than ~~thirteen fifteen~~ thousand five
16 ~~hundred~~ dollars or ~~nine eleven~~ thousand dollars as
17 applicable, then the tax shall be reduced to that
18 amount which would result in allowing the taxpayer to
19 retain a net income of ~~thirteen fifteen~~ thousand five
20 ~~hundred~~ dollars or ~~nine eleven~~ thousand dollars as
21 applicable. The preceding sentence does not apply to
22 estates or trusts. For the purpose of this
23 subsection, the entire net income, including any part
24 of the net income not allocated to Iowa, shall be
25 taken into account. For purposes of this subsection,
26 net income includes all amounts of pensions or other
27 retirement income received from any source which is
28 not taxable under this division as a result of the
29 government pension exclusions in section 422.7, or any
30 other state law. If the combined net income of a
31 husband and wife exceeds ~~thirteen fifteen~~ thousand

32 ~~five hundred~~ dollars, neither of them shall receive
33 the benefit of this subsection, and it is immaterial
34 whether they file a joint return or separate returns.
35 However, if a husband and wife file separate returns
36 and have a combined net income of ~~thirteen fifteen~~
37 thousand ~~five hundred~~ dollars or less, neither spouse
38 shall receive the benefit of this paragraph, if one
39 spouse has a net operating loss and elects to carry
40 back or carry forward the loss as provided in section
41 422.9, subsection 3. A person who is claimed as a
42 dependent by another person as defined in section
43 422.12 shall not receive the benefit of this
44 subsection if the person claiming the dependent has
45 net income exceeding ~~thirteen fifteen~~ thousand ~~five~~
46 ~~hundred~~ dollars or ~~nine eleven~~ thousand dollars as
47 applicable or the person claiming the dependent and
48 the person's spouse have combined net income exceeding
49 ~~thirteen fifteen~~ thousand ~~five hundred~~ dollars or ~~nine~~
50 ~~eleven~~ thousand dollars as applicable.

Page 2

1 In addition, if the married persons' filing
2 jointly or filing separately on a combined return,
3 unmarried head of household's, or surviving spouse's
4 net income exceeds ~~thirteen fifteen~~ thousand ~~five~~
5 ~~hundred~~ dollars, the regular tax imposed under this
6 division shall be the lesser of the ~~maximum state~~
7 ~~individual income tax rate~~ product of eight percent
8 times the portion of the net income in excess of
9 ~~thirteen fifteen~~ thousand ~~five hundred~~ dollars or the
10 regular tax liability computed without regard to this
11 sentence. Taxpayers electing to file separately shall
12 compute the alternate tax described in this paragraph
13 using the total net income of the husband and wife.
14 The alternate tax described in this paragraph does not
15 apply if one spouse elects to carry back or carry
16 forward the loss as provided in section 422.9,
17 subsection 3."
18 2. Page 3, by inserting after line 28 the
19 following:
20 "Sec. __. INCOME TAX IMPLEMENTATION COMMITTEE.
21 1. On or before July 1, 2003, the department of
22 revenue and finance, in consultation with the
23 department of management, shall initiate and
24 coordinate the establishment of an income tax
25 implementation committee and provide staffing
26 assistance by the committee. The income tax
27 implementation committee shall include representatives
28 of the general assembly, the department of revenue and
29 finance, the department of management, business tax
30 groups, businesses in Iowa, groups representing Iowa

31 taxpayers, certified public accountants, members of
32 the general public, and other appropriate
33 stakeholders.

34 2. The committee shall study and make
35 recommendations relating to the imposition of new
36 income tax rates, filing threshold, alternative
37 minimum tax, treatment of current exemptions, credits,
38 and deductions. The committee shall also consider
39 alternate sources of revenue for the general fund of
40 the state to replace revenue as a result from general
41 tax relief as provided for in this bill, including but
42 not limited to, sales and use taxes.

43 3. The committee shall submit to the general
44 assembly by January 1, 2004, and January 1, 2005, a
45 report for each of those years resolving issues in
46 subsection 2, and other related issues for
47 implementation of the other provisions in this Act."

48 3. Page 3, line 30, by striking the word "This"
49 and inserting the following: "Except as provided in
50 subsection 3, this".

Page 3

1 4. Page 4, by inserting after line 3 the
2 following;
3 "3. The section of this Act relating to the
4 establishment of the income tax implementation
5 committee, being deemed of immediate importance, takes
6 effect up enactment."
7 5. Title page, line 2, by inserting after the
8 word "brackets" the following: ", increasing the
9 amounts below which the tax is not imposed,
10 establishing an implementation committee,".

Amendment [H-1563](#) was adopted.

Shultz of Black Hawk asked and received unanimous consent to
withdraw amendment [H-1570](#) filed by him from the floor.

Kurtenbach of Story offered the following amendment [H-1576](#)
filed by him from the floor and moved its adoption:

H-1576

1 Amend [House File 701](#) as follows:
2 1. Page 4, line 2, by striking the words "ending
3 after" and inserting the following: "beginning on or
4 after January 1 following".

Amendment [H-1576](#) was adopted.

J.K. Van Fossen of Scott moved that the bill be read a last time now and placed upon its passage which motion prevailed and the bill was read a last time.

On the question "Shall the bill pass?" ([H.F. 701](#))

The ayes were, 49:

Alons	Arnold	Baudler	Boal
Boddicker	Boggess	Carroll	Chambers
De Boef	Dennis	Dix	Dolecheck
Drake	Eichhorn	Elgin	Granzow
Greiner	Hahn	Hansen	Heaton
Hoffman	Horbach	Huseman	Hutter
Jacobs	Jenkins	Jones	Klemme
Kramer	Kurtenbach	Lukan	Maddox
Manternach	Olson, S.	Raecker	Rasmussen
Rayhons	Roberts	Sands	Schickel
Tjepkes	Tymeson	Upmeyer	Van Engelenhoven
Van Fossen, J.K.	Van Fossen, J.R.	Watts	Wilderdyke
Mr. Speaker			
Rants			

The nays were, 49:

Bell	Berry	Cohoon	Dandekar
Davitt	Fallon	Foege	Ford
Freeman	Frevert	Gaskill	Gipp
Greimann	Hanson	Heddens	Hogg
Hunter	Huser	Jochum	Kuhn
Lalk	Lensing	Lykam	Mascher
McCarthy	Mertz	Miller	Murphy
Myers	Oldson	Olson, D.	Osterhaus
Paulsen	Petersen	Quirk	Reasoner
Shoultz	Smith	Stevens	Struyk
Swaim	Taylor, D.	Taylor, T.	Thomas
Wendt	Whitaker	Whitead	Winckler
Wise			

Absent or not voting, 2:

Bukta Connors

The bill having not received a constitutional majority was declared to have failed to pass the House.

MOTION TO RECONSIDER
([House File 701](#))

I move to reconsider the vote by which [House File 701](#) failed to pass the House on April 30, 2003.

GIPP of Winneshiek

EXPLANATIONS OF VOTE

I was necessarily absent from the House chamber on April 29, 2003. Had I been present, I would have voted "aye" on [House Resolution 42](#), 58, House Files 674, 675, 676, 685, 696, [Senate File 442](#) and 444 and "nay" on [Senate File 451](#).

MILLER of Webster

I was necessarily absent from the House chamber on April 30, 2003. Had I been present, I would have voted "aye" on [Senate File 452](#).

SMITH of Marshall

PRESENTATION OF VISITORS

Sixty seventh grade students from Phillips Middle School, Fort Dodge, Iowa, accompanied by Sarah Holder and Mike Richardson. By Miller of Webster.

COMMUNICATIONS RECEIVED

The following communication was received and filed in the office of the Chief Clerk:

CITIZENS' AIDE / OMBUDSMAN

2002 annual report, pursuant to Chapter 2C, Code of Iowa

IOWA DEPARTMENT OF PUBLIC HEALTH
Division of Health Promotion, Prevention, and addictive Behaviors

Fiscal Report, pursuant to Chapter 100 (1)(C), Code of Iowa.

CERTIFICATES OF RECOGNITION

MR. SPEAKER: The Chief Clerk of the House respectfully reports that certificates of recognition have been issued as follows.

MARGARET A. THOMSON
Chief Clerk of the House

- 2003\1359 Claire D. Finney, Waterloo – For celebrating her 80th birthday.
- 2003\1360 Herb and Agnes Ludwig, Waterloo – For celebrating their 60th wedding anniversary.
- 2003\1361 Kenneth Armfield, Latimer – For celebrating his 90th birthday.
- 2003\1362 Charity Marie Ward, Rockwell – For celebrating her 80th birthday.
- 2003\1363 Calvin Jurgens Thornton – For celebrating his 80th birthday.
- 2003\1364 Lucille Meyer, Latimer – For celebrating her 80th birthday.
- 2003\1365 Clarence and Ruth Trampel, Klemme – For celebrating their 60th wedding anniversary.
- 2003\1366 Nathan Silver, Lamoni – For attaining the rank of Eagle Scout, the highest rank in the Boy Scouts of America.
- 2003\1367 Leoda Tschetter, Mason City – For celebrating her 90th birthday.
- 2003\1368 Matthew Matous, Mason City – For attaining the rank of Eagle Scout, the highest rank in the Boy Scouts of America.
- 2003\1369 Darrell and Helen Williams, Panora – For celebrating their 50th wedding anniversary.
- 2003\1370 Leo and Norma Lane, Greenfield – For celebrating their 50th wedding anniversary.
- 2003\1371 Leo and Joyce Wright, Casey – For celebrating their 60th wedding anniversary.
- 2003\1372 Gerald and Rhoda Sigler, Bayard – For celebrating their 50th wedding anniversary.
- 2003\1373 Louis and Freda Dekkenga, Ocheyedan – For celebrating their 50th wedding anniversary.
- 2003\1374 Verlene Mori, Hartley – For celebrating her 90th birthday.
- 2003\1375 Emma Byers, Sanborn – For celebrating her 100th birthday.

- 2003\1376 Andrew Jon Clarridge, Story City – For attaining the rank of Eagle Scout, the highest rank in the Boy Scouts of America.
- 2003\1377 Dorothy Daniels, Iowa Falls – For celebrating her 80th birthday.
- 2003\1378 Grace Lawson, Iowa Falls – For celebrating her 80th birthday.
- 2003\1379 Bert Hemmes, Iowa Falls – For celebrating his 99th birthday.
- 2003\1380 Howard Beatty, Atkins – For celebrating his 80th birthday.
- 2003\1381 Mark Tegeler, Belle Plaine – For winning the Outstanding Teacher of American History Award.
- 2003\1382 Glen and Delora Casad, Wheatland – For celebrating their 60th wedding anniversary.
- 2003\1383 John and Mary Herbst, Larchwood – For celebrating their 65th wedding anniversary.
- 2003\1384 Harvey and Mary Reinke, Larchwood – For celebrating their 63rd wedding anniversary.
- 2003\1385 Vernon and Carolyn Cook, Marion – For celebrating their 50th wedding anniversary.
- 2003\1386 Alcoa Davenport Works, Riverdale – For winning the Outstanding Environmental Stewardship Award by the Iowa Soybean Promotion Board and the National Biodiesel Board.
- 2003\1387 Eva Harlan, Hillsboro – For celebrating her 99th birthday.
- 2003\1388 Scott Carver, Muscatine – For attaining the rank of Eagle Scout, the highest rank in the Boy Scouts of America.
- 2003\1389 Lowell and Agnes Meyer, Dubuque – For celebrating their 60th wedding anniversary.
- 2003\1390 Gerald A. and Gwendolyn Peterson, Mason City – For celebrating their 50th wedding anniversary.
- 2003\1391 Mr. and Mrs. Gary Lee Jones, Ottumwa – For celebrating their 50th wedding anniversary.
- 2003\1392 Elsie Renner, Ames – For celebrating her 80th birthday.
- 2003\1393 Chester Frank Renner, Ames – For celebrating his 85th birthday.

SUBCOMMITTEE ASSIGNMENTS

[House File 696](#)

Ways and Means: B. Hansen, Chair; Hogg, Huser, Lukan and Sands.

[Senate File 448](#)

Ways and Means: K. Kramer, Chair; Paulsen and Winckler.

HOUSE STUDY BILL SUBCOMMITTEE ASSIGNMENT

[House Study Bill 318](#)

Ways and Means: J.K. Van Fossen, Chair; K. Kramer and Shultz.

COMMITTEE RECOMMENDATIONS

MR. SPEAKER: The Chief Clerk of the House respectfully reports that the following committee recommendations have been received and are on file in the office of the Chief Clerk.

MARGARET A. THOMSON
Chief Clerk of the House

COMMITTEE ON APPROPRIATIONS

Committee Bill (Formerly LSB 1133HC), relating to public expenditure and regulatory matters, compensating public employees, making and reducing appropriations, providing for related matters, making penalties applicable, and providing effective dates.

Fiscal Note is required.

Recommended **Amend and Do Pass** April 29, 2003.

Committee Bill (Formerly LSB 3544YC), relating to Iowa agricultural industry finance corporation, by providing for the assignment of an Iowa agricultural industry finance loan, and providing an effective date.

Fiscal Note is required.

Recommended **Do Pass** April 29, 2003.

[Senate File 440](#), a bill for an act providing for an annual increase in specified state aid to nonpublic schools under prescribed circumstances.

Fiscal Note is required.

Recommended **Do Pass** April 29, 2003.

COMMITTEE ON WAYS AND MEANS

Committee Bill (Formerly [House Study Bill 318](#)), proposing an amendment to the Constitution of the State of Iowa relating to certain state tax rate changes.

Fiscal Note is not required.

Recommended **Do Pass** April 29, 2003.

[Senate File 448](#), a bill for an act relating to criminal offenders and inmates including credit for time served by operating-while-intoxicated offenders, pretrial release guidelines, treatment and education of inmates at various correctional facilities, release of presentence reports, optional inmate treatment and education provision, expansion of and appeals regarding earned time credits, change to the inmate savings and inmate telephone rebate fund, expansion of the accessibility of the deferred judgment docket, payment of supervision fees, payment of restitution, creating criminal offenses for persons under the interstate compact for adult offender supervision, creating a fund, providing for a fee, and providing penalties.

Fiscal Note is not required.

Recommended **Do Pass** April 30, 2003.

RESOLUTIONS FILED

[HCR 22](#), by Manternach, a concurrent resolution recognizing Richard and Joyce Lynch, the first recipients of the Good Neighbor Award presented by the Department of Agriculture and Land Stewardship.

Laid over under **Rule 25**.

[HR 61](#), by Heaton a resolution relating to the shortage of nursing home administrators and requesting the State Board of Examiners for Nursing Home Administrators to make recommendations for addressing the shortage.

Laid over under **Rule 25**.

[SCR 12](#), by Black, a concurrent resolution supporting the United Nations' recognition of the Republic of China on Taiwan.

Laid over under **Rule 25**.

AMENDMENTS FILED

H-1522	S.F.	440	Winckler of Scott
H-1523	S.F.	440	Winckler of Scott
H-1524	S.F.	440	Stevens of Dickinson
H-1525	S.F.	440	Stevens of Dickinson
H-1526	S.F.	440	Mascher of Johnson
H-1527	S.F.	440	Winckler of Scott
H-1528	S.F.	440	Lensing of Johnson
H-1529	S.F.	440	Mascher of Johnson
H-1530	S.F.	440	Mascher of Johnson
H-1531	S.F.	440	Lensing of Johnson
H-1532	S.F.	440	Lensing of Johnson
H-1533	S.F.	440	Stevens of Dickinson
H-1534	S.F.	440	Stevens of Dickinson
H-1543	S.F.	440	Stevens of Dickinson
H-1544	S.F.	440	Mascher of Johnson
H-1545	S.F.	440	Wendt of Woodbury
H-1546	S.F.	440	Stevens of Dickinson
H-1548	S.F.	440	Mascher of Johnson
H-1551	S.F.	440	Stevens of Dickinson
H-1552	S.F.	440	Mascher of Johnson
H-1553	S.F.	440	Mascher of Johnson
H-1554	S.F.	440	Mascher of Johnson
H-1555	S.F.	440	Stevens of Dickinson
H-1556	S.F.	440	Mascher of Johnson
H-1557	S.F.	440	Mascher of Johnson
H-1561	S.F.	440	Stevens of Dickinson
H-1562	H.F.	700	Heaton of Henry
H-1566	H.F.	700	Winckler of Scott
			Lensing of Johnson
			Stevens of Dickinson
			Murphy of Dubuque
H-1567	H.F.	543	Senate Amendment
H-1568	H.F.	679	Senate Amendment
H-1572	H.F.	700	Horbach of Tama
			Heaton of Henry
H-1573	H.F.	700	Carroll of Poweshiek
H-1574	H.F.	700	Schickel of Cerro Gordo
			Raecker of Polk
			Tjepkes of Webster
			Hoffman of Crawford

<u>H-1575</u>	<u>H.F. 700</u>	Dix of Butler
<u>H-1577</u>	<u>H.F. 700</u>	Wise of Lee
		Dandekar of Linn
		Bell of Jasper
<u>H-1578</u>	<u>H.F. 549</u>	Senate Amendment
<u>H-1579</u>	<u>H.F. 595</u>	Senate Amendment

On motion by Gipp of Winneshiek the House adjourned at 11:10 p.m., until 8:45 a.m., Thursday, May 1, 2003.