

PROOF

STATE OF IOWA

House Journal

MONDAY, MAY 1, 2006

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JOURNAL OF THE HOUSE

One Hundred Thirteenth Calendar Day - Seventy-seventh Session Day

Hall of the House of Representatives
Des Moines, Iowa, Monday, May 1, 2006

The House met pursuant to adjournment at 10:01 a.m., Speaker Rants in the chair.

Prayer was offered by the Honorable John Whitaker, state representative from Van Buren County.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Speaker Rants.

The Journal of Friday, April 28, 2006 was approved.

SENATE MESSAGES CONSIDERED

[Senate File 2404](#), by committee on rules and administration, a bill for an act to legalize participation in an instructional support program by the Winterset community school district, and providing an effective date.

Read first time and referred to committee on **education**.

[Senate File 2405](#), by committee on rules and administration, a bill for an act to legalize participation in an instructional support program by the Waterloo community school district, and providing an effective date.

Read first time and referred to committee on **education**.

[Senate File 2406](#), by committee on rules and administration, a bill for an act to legalize actions taken and proceedings conducted by the Walnut Community School District which relates to erroneously certified instructional support levy and providing an effective date.

Read first time and referred to committee on **education**.

The House stood at ease at 10:04 a.m., until the fall of the gavel.

AFTERNOON SESSION

The House reconvened at 1:42 p.m., Elgin of Linn in the chair.

QUORUM CALL

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

LEAVE OF ABSENCE

Leave of absence was granted as follows:

Jones of Mills by Gipp of Winneshiek; Lensing of Johnson and Miller of Webster, until their arrival, on request of Bukta of Clinton.

ADOPTION OF [HOUSE RESOLUTION 173](#)

Eichhorn of Hamilton called up for consideration [House Resolution 173](#), a resolution urging the General Assembly to continue the work begun during the 2006 Legislative Session in determining the proper manner for the Iowa court system to recognize civil judgments, decrees, and orders issued by the Meskwaki Tribal Court, and moved its adoption.

The motion prevailed and the resolution was adopted.

ADOPTION OF [HOUSE RESOLUTION 174](#)

Huser of Polk called up for consideration [House Resolution 174](#), a resolution honoring Dwayne McAninch for his pioneering work in revolutionizing the construction industry, and moved its adoption.

The motion prevailed and the resolution was adopted.

SENATE AMENDMENT CONSIDERED

Schickel of Cerro Gordo called up for consideration [House File 2362](#), a bill for an act providing for reassignment of a salvage

certificate of title for a motor vehicle, amended by the Senate, and moved that the House concur in the following Senate amendment [H-8580](#):

[H-8580](#)

1 Amend [House File 2362](#), as passed by the House, as
2 follows:
3 1. Page 1, by inserting before line 1 the
4 following:
5 "DIVISION I
6 MERCURY-FREE RECYCLING ACT
7 Section 1. LEGISLATIVE FINDINGS AND PURPOSES.
8 1. The general assembly finds all of the
9 following:
10 a. That switches containing mercury have been used
11 for convenience lighting in vehicles sold in Iowa.
12 b. That mercury from vehicle light switches may be
13 released into the environment when end-of-life
14 vehicles are flattened, crushed, shredded, melted, or
15 otherwise processed for recycling.
16 c. That removing mercury-added switches from end-
17 of-life vehicles is an effective method to prevent
18 mercury from being released into the environment.
19 d. That it is in the public interest of the
20 residents of this state to reduce the quantity of
21 mercury entering the environment by removing mercury-
22 added switches from end-of-life vehicles.
23 2. The general assembly declares that the purpose
24 of this Act is to reduce the quantity of mercury in
25 the environment by doing all of the following:
26 a. Removing mercury-added switches from end-of-
27 life vehicles in Iowa.
28 b. Creating a collection, recovery, and incentive
29 program for mercury-added switches removed from
30 vehicles in Iowa.
31 Sec. 2. NEW SECTION. 455B.801 SHORT TITLE.
32 This division shall be known and may be cited as
33 the "Mercury-Free Recycling Act".
34 Sec. 3. NEW SECTION. 455B.802 DEFINITIONS.
35 As used in this division, unless the context
36 otherwise requires:
37 1. "Capture rate" means the amount of mercury
38 removed, collected, and recovered from end-of-life
39 vehicles, expressed as a percentage of the mercury
40 available from mercury-added switches in end-of-life
41 vehicles annually.
42 2. "End-of-life vehicle" means any vehicle which
43 is sold, given, or otherwise conveyed to a vehicle
44 recycler or scrap recycling facility for the purpose
45 of recycling and that does not exceed ten thousand

46 pounds gross vehicle weight.
47 3. "Manufacturer" means any person that is the
48 last person to produce or assemble a new vehicle that
49 utilizes mercury-added switches, or in the case of an
50 imported vehicle, the importer or domestic distributor

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1 of such vehicle. "Manufacturer" does not include a
2 person that has never utilized a mercury-added switch
3 in the production or assembly of a new vehicle.
4 4. "Mercury-added switch" means a light switch
5 that contains mercury which was installed by a
6 manufacturer in a motor vehicle.
7 5. "Scrap recycling facility" means a fixed
8 location where machinery and equipment are utilized
9 for processing and manufacturing scrap metal into
10 prepared grades and whose principal product is scrap
11 iron, scrap steel, or nonferrous metallic scrap for
12 sale for remelting purposes.
13 6. "Vehicle recycler" means any person engaged in
14 the business of acquiring, dismantling, or destroying
15 six or more vehicles in a calendar year for the
16 primary purpose of resale of the vehicles' parts.
17 Sec. 4. **NEW SECTION. 455B.803 PLANS FOR REMOVAL,**
18 **COLLECTION, AND RECOVERY OF VEHICLE MERCURY-ADDED**
19 **SWITCHES.**
20 1. Within ninety days of the effective date of
21 this Act, each manufacturer of vehicles sold in this
22 state shall, individually or as part of a group,
23 develop and publish a plan for a system to remove,
24 collect, and recover mercury-added switches from end-
25 of-life vehicles that were manufactured by the
26 manufacturer. Publication shall be in accordance with
27 section 455B.807, subsection 2.
28 2. a. The manufacturer shall implement a system
29 to remove, collect, and recover mercury-added switches
30 from end-of-life vehicles within ninety days of
31 publication of the plan.
32 b. The system developed and implemented pursuant
33 to this section shall provide, at a minimum, all of
34 the following:
35 (1) Educational materials about the program to
36 inform the public and other stakeholders about the
37 purpose of the collection program and how to
38 participate in the program.
39 (2) A method for implementing, operating,
40 maintaining, and monitoring the system, in accordance
41 with subsection 3. This may include the use of third-
42 party contractors that are qualified and fully insured
43 to perform these tasks.
44 (3) Information about mercury-added switches

- 45 identifying all of the following:
- 46 (a) The make, model, and year of vehicles
 - 47 potentially containing mercury-added switches.
 - 48 (b) A description of the mercury-added switches.
 - 49 (c) The location of the mercury-added switches.
 - 50 (d) The safe, cost-effective, and environmentally

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- 1 sound methods for the removal of the mercury-added
- 2 switches from end-of-life vehicles.
- 3 (4) A method to arrange and pay for the
- 4 transportation of the collected mercury-added switches
- 5 to permitted facilities.
- 6 (5) A method to arrange and pay for the recycling
- 7 of the mercury-added switches.
- 8 (6) A method to track participation and publish
- 9 the progress of the mercury-added switch collection in
- 10 accordance with section 455B.807, subsection 2.
- 11 (7) A database of participating vehicle recyclers,
- 12 including all of the following:
- 13 (a) Documentation that the vehicle recycler joined
- 14 the program.
- 15 (b) Records of all submissions by a vehicle
- 16 recycler of any information required pursuant to
- 17 subparagraph (6).
- 18 (c) Confirmation that the vehicle recycler has
- 19 submitted switches at least every twelve months since
- 20 joining the program.
- 21 (8) A target mercury-added switch capture rate for
- 22 vehicles manufactured by the manufacturer of ninety
- 23 percent. A description of additional or alternative
- 24 actions that shall be implemented by the manufacturer
- 25 to improve the system and its operation in the event
- 26 that the target capture rate is not met shall be
- 27 published with the required tracking information no
- 28 less than annually.
- 29 (9) The program shall not include inaccessible
- 30 mercury-added switches from end-of-life vehicles with
- 31 significant damage to the vehicle in the area
- 32 surrounding the mercury-added switch location. All
- 33 accessible mercury-added switches are expected to be
- 34 collected under the provisions of this division.
- 35 c. In developing a removal, collection, and
- 36 recovery system for end-of-life vehicles, a
- 37 manufacturer shall, to the extent practicable, utilize
- 38 the existing end-of-life vehicle recycling
- 39 infrastructure.
- 40 d. If the commission determines that the
- 41 manufacturer's plan for a system to remove, collect,
- 42 and recover mercury-added switches from end-of-life
- 43 vehicles does not comply with this section, the

44 commission may require the manufacturer to make any
45 necessary modification to the plan.
46 e. On July 1, 2020, the commission shall cease
47 enforcement of the removal, collection, and recovery
48 plans under this section. On or before July 1, 2020,
49 the commission shall review the mercury-added switch
50 removal, collection, and recovery portion of this

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1 division and submit a recommendation to the general
2 assembly regarding the necessity of continuing the
3 enforcement of the removal, collection, and recovery
4 plans under this section.

5 3. The total cost of the removal, collection, and
6 recovery system for mercury-added switches shall be
7 paid by the manufacturer. Costs shall include but not
8 be limited to all of the following:

9 a. Labor to remove mercury-added switches. Labor
10 shall be reimbursed at a minimum rate of four dollars
11 per mercury-added switch removed, or if the vehicle
12 identification number of the source vehicle is
13 required for reimbursement, at a minimum rate of five
14 dollars.

15 b. Training.

16 c. Packaging in which to transport mercury-added
17 switches to recycling, storage, or disposal
18 facilities.

19 d. Shipping of mercury-added switches to
20 recycling, storage, or disposal facilities.

21 e. Recycling, storage, or disposal of the mercury-
22 added switches.

23 f. Public education materials and presentations.

24 g. Maintenance of all appropriate systems and
25 procedures to protect the environment from mercury
26 contamination from collected mercury-added switches.

27 4. A vehicle recycler that performs as required
28 under a removal, collection, and recovery plan shall
29 be afforded the protections provided in section
30 613.18.

31 Sec. 5. NEW SECTION. 455B.804 PROHIBITION AND
32 PROPER MANAGEMENT OF MERCURY-ADDED VEHICLE SWITCHES.

33 1. Prior to delivery to a scrap recycling
34 facility, a person who sells, gives, or otherwise
35 conveys ownership of an end-of-life vehicle to the
36 scrap recycling facility for recycling shall remove
37 all mercury-added switches from such end-of-life
38 vehicle unless the mercury-added switch is
39 inaccessible due to significant damage to the end-of-
40 life vehicle in the area where the mercury-added
41 switch is located.

42 2. A person shall not represent that mercury-added

43 switches have been removed from a vehicle or vehicle
44 hulk being sold, given, or otherwise conveyed for
45 recycling if that person has not removed such mercury-
46 added switches or arranged with another person to
47 remove such switches.
48 Sec. 6. NEW SECTION. 455B.805 GENERAL COMPLIANCE
49 WITH OTHER PROVISIONS.
50 Except as expressly provided in this division,

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1 compliance with this division shall not exempt a
2 person from compliance with any other law.
3 Sec. 7. NEW SECTION. 455B.806 REGULATIONS.
4 The commission shall adopt rules pursuant to
5 chapter 17A as necessary to implement the provisions
6 of this division.
7 Sec. 8. NEW SECTION. 455B.807 PUBLIC
8 NOTIFICATION.
9 1. The department shall make available to the
10 general public in an electronic format the plan of a
11 manufacturer for a system to remove, collect, and
12 recover mercury-added switches from end-of-life
13 vehicles and any report required under section
14 455B.808.
15 2. Publication of all required plans, information,
16 reports, and educational materials under this division
17 shall be through no less than two types of media
18 available to the general public. One medium must be
19 available twenty-four hours per day, seven days per
20 week, and maintained with current information.
21 Acceptable types of media include but are not limited
22 to internet websites, periodicals, journals, and other
23 publicly available media in the state.
24 Sec. 9. NEW SECTION. 455B.808 REPORTING.
25 One year after the implementation of a removal,
26 collection, and recovery system, and annually
27 thereafter, a manufacturer subject to section 455B.803
28 shall report to the department concerning the
29 performance under the manufacturer's plan. The report
30 shall include statistical information received under
31 section 455B.803. The report shall also include but
32 not be limited to all of the following:
33 1. The number of mercury-added switches collected.
34 2. An estimate of the amount of mercury contained
35 in the collected switches.
36 3. The capture rate as defined in section
37 455B.802.
38 4. The estimated number of vehicles manufactured
39 by the manufacturer containing mercury-added switches.
40 5. The estimated number of vehicles manufactured
41 by the manufacturer that have been processed for

42 recycling by vehicle recyclers.
43 Sec. 10. NEW SECTION. 455B.809 STATE
44 PROCUREMENT.
45 Notwithstanding other policies and guidelines for
46 the procurement of vehicles, the state shall, within
47 one year of the effective date of this Act, revise its
48 policies, rules, and procedures to give priority and
49 preference to the purchase of vehicles free of
50 mercury-added components taking into consideration

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1 competition, price, availability, and performance.
2 Sec. 11. FUTURE REPEAL OF MERCURY-FREE RECYCLING
3 ACT – IMPLEMENTATION OF NATIONAL PROGRAM.
4 1. If a national mercury switch recovery program
5 is developed and implemented with the cooperation and
6 approval of the United States environmental protection
7 agency, the provisions of this division shall be
8 superseded by the provisions of the national program,
9 and sections 455B.801 through 455B.809, as enacted in
10 this division of this Act, are repealed, provided the
11 following conditions are met:
12 a. The national program includes a target mercury-
13 added switch capture rate for this state that meets or
14 exceeds the target capture rate established in section
15 455B.803, as enacted in this division of this Act.
16 b. The national program includes a funding
17 mechanism that provides for the total costs of the
18 national mercury switch recovery program implemented
19 in this state to be paid for by program participants
20 or with federal moneys.
21 2. The director of the department of natural
22 resources shall notify the Code editor of the date
23 when the national mercury switch recovery program is
24 implemented.
25 DIVISION II
26 SALVAGE VEHICLE TITLES"
27 2. Title page, line 1, by inserting after the
28 word "Act" the following: "relating to end-of-life
29 and salvage vehicles by providing for the removal,
30 replacement, collection, and recovery of mercury-added
31 vehicle components and".
32 3. By renumbering as necessary.

The motion prevailed and the House concurred in the Senate amendment [H-8580](#).

Schickel of Cerro Gordo moved that the bill, as amended by the Senate and concurred in by the House, 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. 2362](#))

The ayes were, 95:

Alons	Anderson	Arnold	Baudler
Bell	Berry	Boal	Bukta
Carroll	Chambers	Cohoon	Dandekar
Davitt	De Boef	Dix	Dolecheck
Drake	Eichhorn	Foege	Ford
Freeman	Frevert	Gaskill	Gipp
Granzow	Greiner	Heaton	Heddens
Hoffman	Hogg	Horbach	Hunter
Huseman	Huser	Hutter	Jacobs
Jacoby	Jenkins	Jochum	Kaufmann
Kressig	Kuhn	Kurtenbach	Lalk
Lukan	Lykam	Maddox	Mascher
May	McCarthy	Mertz	Murphy
Oldson	Olson, D.	Olson, R.	Olson, S.
Paulsen	Petersen	Pettengill	Quirk
Raecker	Rants, Spkr.	Rasmussen	Rayhons
Reasoner	Reichert	Roberts	Sands
Schickel	Schueller	Shomshor	Shoultz
Smith	Soderberg	Struyk	Swaim
Taylor, D.	Taylor, T.	Thomas	Tjepkes
Tomenga	Tymeson	Upmeyer	Van Engelenhoven
Van Fossen, J.K.	Van Fossen, J.R.	Watts	Wendt
Wessel-Kroeschell	Whitaker	Whitead	Wilderdyke
Winckler	Wise	Elgin, Presiding	

The nays were, none.

Absent or not voting, 5:

Fallon	Jones	Lensing	Miller
Zirkelbach			

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

SENATE AMENDMENT CONSIDERED

Kaufmann of Cedar called up for consideration [House File 2786](#), a bill for an act relating to civil actions and the foreclosure of real estate mortgages, and providing fees and applicability provisions,

amended by the Senate, and moved that the House concur in the following Senate amendment [H-8585](#):

[H-8585](#)

- 1 Amend [House File 2786](#), as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 1, by striking lines 17 through 19 and
- 4 inserting the following: "~~the receiver is or may be~~
- 5 ~~indebted shall be enforced null and void, all liens~~
- 6 ~~shall be extinguished, and no execution shall be~~
- 7 ~~issued thereon and no force or vitality given thereto~~
- 8 for any purpose other than as a setoff or".
- 9 2. Page 2, line 34, by striking the word "and".
- 10 3. Page 2, line 35, by inserting after the word
- 11 "sale" the following: ", and by mailing a copy of the
- 12 notice to the debtor at the debtor's last known
- 13 address by ordinary mail".
- 14 4. Page 4, by striking line 19 and inserting the
- 15 following: "junior creditor shall file proof of
- 16 service of such request for notice."
- 17 5. Page 5, line 18, by inserting after the word
- 18 "action" the following: "within thirty days of the
- 19 service of notice".
- 20 6. Page 5, line 35, by inserting after the word
- 21 "sale" the following: ", with the written consent of
- 22 the mortgagor".
- 23 7. Page 7, line 11, by inserting after the word
- 24 "to" the following: "reasonable damages and".
- 25 8. By renumbering as necessary.

The motion prevailed and the House concurred in the Senate amendment [H-8585](#).

Kaufmann of Cedar moved that the bill, as amended by the Senate and concurred in by the House, 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. 2786](#))

The ayes were, 95:

Alons	Anderson	Arnold	Baudler
Bell	Berry	Boal	Bukta
Carroll	Chambers	Cphoon	Dandekar
Davitt	De Boef	Dix	Dolecheck
Drake	Eichhorn	Foege	Ford

Freeman	Frevert	Gaskill	Gipp
Granzow	Greiner	Heaton	Heddens
Hoffman	Hogg	Horbach	Hunter
Huseman	Huser	Hutter	Jacobs
Jacoby	Jenkins	Jochum	Kaufmann
Kressig	Kuhn	Kurtenbach	Lalk
Lukan	Lykam	Maddox	Mascher
May	McCarthy	Mertz	Murphy
Oldson	Olson, D.	Olson, R.	Olson, S.
Paulsen	Petersen	Pettengill	Quirk
Raecker	Rants, Spkr.	Rasmussen	Rayhons
Reasoner	Reichert	Roberts	Sands
Schickel	Schueller	Shomshor	Shoultz
Smith	Soderberg	Struyk	Swaim
Taylor, D.	Taylor, T.	Thomas	Tjepkes
Tomenga	Tymeson	Upmeyer	Van Engelenhoven
Van Fossen, J.K.	Van Fossen, J.R.	Watts	Wendt
Wessel-Kroeschell	Whitaker	Whitead	Wilderdyke
Winckler	Wise	Elgin, Presiding	

The nays were, none.

Absent or not voting, 5:

Fallon	Jones	Lensing	Miller
Zirkelbach			

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

IMMEDIATE MESSAGES

Jacobs of Polk asked and received unanimous consent that the following bills be immediately messaged to the Senate: **House Files 2362** and **2786**.

SENATE AMENDMENT CONSIDERED

De Boef of Keokuk called up for consideration [House File 2540](#), a bill for an act relating to and making appropriations involving state government, including provisions affecting agriculture and natural resources and providing fees, amended by the Senate amendment [H-8587](#):

[H-8587](#)

- 1 Amend [House File 2540](#), as amended, passed, and
- 2 reprinted by the House, as follows:

- 3 1. By striking page 2, line 35, through page 3,
- 4 line 1, and inserting the following: "to be used for
- 5 the continued testing and monitoring of avian
- 6 influenza."
- 7 2. Page 4, by inserting after line 16 the
- 8 following:
- 9 "Sec. 101. IOWA SHORTHORN ASSOCIATION. There is
- 10 appropriated from the general fund of the state to the
- 11 department of agriculture and land stewardship for the
- 12 fiscal year beginning July 1, 2005, and ending June
- 13 30, 2006, the following amount, or so much thereof as
- 14 is necessary, to be used for the purpose designated:
- 15 For allocation to the Iowa shorthorn association in
- 16 connection with the 2006 national junior shorthorn
- 17 show:
- 18 \$ 10,000"
- 19 3. Page 4, line 30, by striking the figure
- 20 "17,792,579" and inserting the following:
- 21 "17,967,579".
- 22 4. Page 6, by striking lines 10 through 19 and
- 23 inserting the following: "or equipment associated
- 24 with personal computers. The department shall award
- 25 the moneys provided in this subsection using a
- 26 competitive grant process on a statewide basis. The
- 27 department shall make the award to a person or persons
- 28 who apply in a manner and according to procedures
- 29 required by the department."
- 30 5. Page 7, by inserting after line 10 the
- 31 following:
- 32 "Sec. 201. STORMWATER DISCHARGE PERMIT FEES
- 33 APPROPRIATION – AIR QUALITY MONITORING.
- 34 Notwithstanding section 8.33, any moneys appropriated
- 35 to the department of natural resources from stormwater
- 36 discharge permit fees for the fiscal year beginning
- 37 July 1, 2005, and ending June 30, 2006, pursuant to
- 38 2005 Iowa Acts, chapter 178, section 2, that remain
- 39 unencumbered or unobligated at the close of the fiscal
- 40 year shall not revert but shall remain available until
- 41 the close of the succeeding fiscal year for
- 42 expenditure for full-time personnel to conduct air
- 43 quality monitoring, which may include but is not
- 44 limited to staffing required to perform field
- 45 monitoring and laboratory functions, including
- 46 salaries, support, maintenance, and for miscellaneous
- 47 purposes."
- 48 6. Page 8, line 11, by striking the figure
- 49 "100,000" and inserting the following: "50,000".
- 50 7. Page 8, by inserting after line 16 the

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1 following:

2 "Sec. ___. VETERINARY DIAGNOSTIC LABORATORY.

3 1. There is appropriated from the general fund of
4 the state to Iowa state university of science and
5 technology for the fiscal year beginning July 1, 2006,
6 and ending June 30, 2007, the following amount, or so
7 much thereof as is necessary, to be used for the
8 purposes designated:

9 For purposes of supporting the college of
10 veterinary medicine for the operation of the
11 veterinary diagnostic laboratory:

12 \$ 1,000,000

13 2. Iowa state university of science and technology
14 shall not reduce the amount that it allocates to
15 support the college of veterinary medicine from any
16 other source due to the appropriation made in this
17 section.

18 3. If by the end of the fiscal year, Iowa state
19 university of science and technology fails to allocate
20 the moneys appropriated in this section to the college
21 of veterinary science in accordance with this section,
22 the moneys appropriated in this section for that
23 fiscal year shall revert to the general fund of the
24 state.

25 Sec. __. VETERINARY DIAGNOSTIC LABORATORY --
26 FUTURE YEARS. It is the intent of the general
27 assembly that a future general assembly appropriate
28 moneys to Iowa state university of science and
29 technology for the designated fiscal years, or so much
30 thereof as is necessary, to be used for the purposes
31 designated:

32 For purposes of supporting the college of
33 veterinary medicine for the operation of the
34 veterinary diagnostic laboratory:

35 a. FY 2007-2008 \$ 2,000,000

36 b. FY 2008-2009 \$ 3,000,000

37 c. FY 2009-2010..... \$ 4,000,000 "

38 8. Page 8, by striking lines 18 through 35 and
39 inserting the following:

40 "Sec. __. NEW SECTION. 455B.196 NATIONAL
41 POLLUTANT DISCHARGE ELIMINATION SYSTEM PERMIT PROGRAM
42 -- FEE SCHEDULE.

43 The department may provide for the administration
44 of the national pollutant discharge elimination system
45 permit program pursuant to the federal Water Pollution
46 Control Act, 33 U.S.C. ch. 26, as amended, and 40
47 C.F.R., pt. 124, including but not limited to the
48 issuance of permits under the program and storm water
49 discharge permits under section 455B.103A. The
50 department shall establish a schedule of fees based

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1 upon the reasonable costs of administering the
2 program. The department may assess and collect the
3 fees. The department shall deposit the fees into the
4 national pollutant discharge elimination system permit
5 program fund created in section 455B.197."

6 9. Page 9, line 1, by striking the figure
7 "455B.196" and inserting the following: "455B.197".

8 10. Page 9, line 2, by inserting after the word
9 "PERMIT" the following: "PROGRAM".

10 11. Page 9, line 4, by inserting after the word
11 "permit" the following: "program".

12 12. Page 9, by striking lines 10 through 18 and
13 inserting the following: "from fees collected by the
14 department pursuant to section 455B.196.

15 2. Moneys deposited into the national pollutant
16 discharge elimination system permit program fund are
17 appropriated to the department to defray the costs
18 associated with administering the national pollutant
19 discharge elimination system permit program as
20 provided in section 455B.196."

21 13. Page 9, line 20, by inserting after the word
22 "permit" the following: "program".

23 14. By striking page 9, line 24, through page 12,
24 line 19.

25 15. Page 12, by inserting before line 20 the
26 following:

27 "Sec. ___. Section 455E.11, subsection 2,
28 paragraph a, subparagraph (2), subparagraph
29 subdivision (d), Code Supplement 2005, is amended to
30 read as follows:

31 (d) For the fiscal year beginning July 1, 2005,
32 nine and one-half percent to the department to
33 establish permanent household hazardous waste
34 collection sites so that both urban and rural
35 populations are served and so that collection services
36 are available to the public on a regular basis.
37 Beginning July 1, 2006, six and one-quarter percent to
38 the department to establish permanent household
39 hazardous waste collection sites so that both urban
40 and rural populations are served and so that
41 collection services are available to the public on a
42 regular basis. Beginning July 1, 2007, three percent
43 to the department to establish permanent household
44 hazardous waste collection sites so that both urban
45 and rural populations are served and so that
46 collection services are available to the public on a
47 regular basis. ~~Any~~ Beginning July 1, 2008, any moneys
48 collected pursuant to this subparagraph subdivision
49 that remain unexpended at the end of a fiscal year for
50 establishment of permanent household hazardous waste

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- 1 collection sites shall be used for purposes of
- 2 subparagraph subdivision (e).
- 3 16. Page 13, by inserting after line 2 the
- 4 following:
- 5 "Sec. ___. EFFECTIVE DATE. Section 101 of this
- 6 Act, providing for the allocation of moneys to the
- 7 Iowa shorthorn association, and section 201 of this
- 8 Act, relating to a stormwater discharge permit fees
- 9 appropriation, being deemed of immediate importance,
- 10 take effect upon enactment."
- 11 17. Title page, line 3, by striking the words
- 12 "natural resources and providing fees" and inserting
- 13 the following: "natural resources, providing fees,
- 14 and providing an effective date".
- 15 18. By renumbering as necessary.

De Boef of Keokuk offered the following amendment [H-8592](#), to the Senate amendment [H-8587](#), filed by her from the floor and moved its adoption:

[H-8592](#)

- 1 Amend the Senate amendment, [H-8587](#), to House File
- 2 2540, as amended, passed, and reprinted by the House,
- 3 as follows:
- 4 1. By striking page 2, line 38, through page 3,
- 5 line 24.
- 6 2. By renumbering as necessary.

A non-record roll call was requested.

The ayes were 50, nays 40.

Amendment [H-8592](#) was adopted.

On motion by De Boef of Keokuk the House concurred in the Senate amendment [H-8587](#), as amended.

De Boef of Keokuk moved that the bill, as amended by the Senate, further amended and concurred in by the House, 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. 2540](#))

The ayes were, 54:

Alons	Anderson	Arnold	Baudler
Boal	Carroll	Chambers	De Boef
Dix	Dolecheck	Drake	Eichhorn
Freeman	Frevert	Gipp	Granzow
Greiner	Heaton	Hoffman	Hogg
Horbach	Huseman	Hutter	Jacobs
Kaufmann	Kuhn	Kurtenbach	Lalk
Lukan	Maddox	May	Murphy
Olson, S.	Paulsen	Pettengill	Raecker
Rants, Spkr.	Rasmussen	Rayhons	Roberts
Sands	Schickel	Soderberg	Tjepkes
Tomenga	Tymeson	Upmeyer	Van Engelenhoven
Van Fossen, J.K.	Van Fossen, J.R.	Watts	Wilderdike
Winckler	Elgin, Presiding		

The nays were, 40:

Bell	Berry	Bukta	Cphoon
Dandekar	Davitt	Foege	Ford
Gaskill	Heddens	Hunter	Huser
Jacoby	Jochum	Kressig	Lykam
Mascher	McCarthy	Mertz	Oldson
Olson, D.	Olson, R.	Petersen	Quirk
Reasoner	Reichert	Schueller	Shomshor
Shoultz	Smith	Struyk	Swaim
Taylor, D.	Taylor, T.	Thomas	Wendt
Wessel-Kroeschell	Whitaker	Whitead	Wise

Absent or not voting, 6:

Fallon	Jenkins	Jones	Lensing
Miller	Zirkelbach		

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

IMMEDIATE MESSAGE

Gipp of Winneshiek asked and received unanimous consent that [House File 2540](#) be immediately messaged to the Senate.

SENATE AMENDMENT CONSIDERED

Sands of Louisa called up for consideration [House File 2759](#), a bill for an act providing for the appropriation of moneys to support renewable fuel infrastructure, and providing a contingent effective

date, amended by the Senate amendment [H-8586](#) as follows:

[H-8586](#)

1 Amend [House File 2759](#), as amended, passed, and
2 reprinted by the House, as follows:
3 1. By striking page 1, line 22, through page 2,
4 line 13, and inserting the following: "July 1, 2006,
5 and ending June 30, 2009, there is appropriated for
6 each fiscal year from the grow Iowa values fund
7 created in section 15G.108 two million dollars for
8 deposit in the renewable fuel infrastructure fund as
9 provided in section 15G.119.
10 b. This subsection is repealed on July 1, 2009.
11 Sec. Section 15G.114, as enacted by 2006 Iowa
12 Acts, [House File 2754](#), section 28, is amended by
13 adding the following new subsection:
14 NEW SUBSECTION. 3A. "Infrastructure fund" means
15 the renewable fuel infrastructure fund created in
16 section 15G.119.
17 Sec. Section 15G.116, subsection 3, as
18 enacted by 2006 Iowa Acts, [House File 2754](#), section
19 30, is amended by striking the subsection.
20 Sec. Section 15G.117, subsection 2, as
21 enacted by 2006 Iowa Acts, [House File 2754](#), section
22 31, is amended by striking the subsection.
23 Sec. NEW SECTION. 15G.119 RENEWABLE FUEL
24 INFRASTRUCTURE FUND.
25 1. A renewable fuel infrastructure fund is created
26 in the state treasury under the control of the
27 department. The infrastructure fund is separate from
28 the general fund of the state.
29 2. The renewable fuel infrastructure fund is
30 composed of moneys appropriated by the general
31 assembly and moneys available to and obtained or
32 accepted by the department from the United States
33 government or private sources for placement in the
34 infrastructure fund.
35 3. Moneys in the renewable fuel infrastructure
36 fund are appropriated to the department exclusively to
37 support the renewable fuel infrastructure programs as
38 provided in sections 15G.116 and 15G.117, as enacted
39 by 2006 Iowa Acts, [House File 2754](#), sections 30 and
40 31, as allocated in financial incentives by the
41 renewable fuel infrastructure board as created in
42 section 15G.115, as enacted by 2006 Iowa Acts, House
43 File 2754, section 29. Up to fifty thousand dollars
44 shall be allocated each fiscal year to the department
45 to support the administration of the programs.
46 Otherwise the moneys shall not be transferred, used,
47 obligated, appropriated, or otherwise encumbered

48 except to allocate as financial incentives under the
49 programs.
50 4. a. The recapture of awards or penalties, or

Page 2

1 other repayments of moneys originating from the
2 renewable fuel infrastructure fund shall be deposited
3 into the infrastructure fund.

4 b. Notwithstanding section 12C.7, interest or
5 earnings on moneys in the infrastructure fund shall be
6 credited to the infrastructure fund.

7 c. Notwithstanding section 8.33, unencumbered and
8 unobligated moneys remaining in the infrastructure
9 fund at the close of each fiscal year shall not revert
10 but shall remain available in the infrastructure fund
11 for expenditure for the same purposes in the
12 succeeding fiscal year.

13 Sec. __. NEW SECTION. 214A.1A MOTOR FUEL
14 QUALITY ASSURANCE SCHEDULE.

15 1. The department shall adopt a schedule which
16 provides a schedule of departmental improvements
17 required for each fiscal year necessary to assure that
18 motor fuel sold and dispensed from motor fuel pumps in
19 this state meets all applicable standards as provided
20 in section 214A.2. On or before June 1 of each year,
21 and based on the schedule of improvements, the
22 secretary of agriculture shall certify the amount
23 required to implement the improvements required for
24 the next fiscal year to the director of the department
25 of management and the fiscal services division of the
26 legislative services agency. The department of
27 management shall conduct a review of the scheduled
28 improvements for that fiscal year and may reduce the
29 amount certified by the secretary if the department of
30 management determines that a lesser amount is
31 adequate. The director of the department of
32 management and the secretary shall report their
33 findings to the legislative government oversight
34 committees as required by the committees'
35 chairpersons.

36 2. For each fiscal year, of the moneys
37 appropriated to each state agency to support the
38 production or use of ethanol, ethanol blended
39 gasoline, biodiesel, or biodiesel blended fuel as
40 defined in section 214A.1, the department of
41 management shall transfer a prorated share of the
42 state agency's appropriation as is necessary to
43 satisfy the amount required to comply with the
44 schedule of improvements for that fiscal year as
45 directed by the department of management. The
46 department of management shall identify each affected

47 appropriation and notify each head of a department of
 48 the transfer of the prorated share on or before June
 49 15 of each year.
 50 Sec. ____ Section 214A.2, subsection 2A, paragraph

Page 3

1 b, subparagraph (4), as enacted by 2006 Iowa Acts,
 2 [House File 2754](#), section 7, is amended by striking the
 3 subparagraph.
 4 Sec. ____ Section 214A.7, as amended by 2006 Iowa
 5 Acts, [House File 2754](#), section 12, is amended to read
 6 as follows:
 7 214A.7 DEPARTMENT INSPECTION – SAMPLES TESTED.
 8 The department shall, from time to time, make or
 9 cause to be made tests of any motor vehicle fuel or
 10 ~~oxygenate octane enhancer~~ biofuel which is being sold,
 11 or held or offered for sale within this state. ~~A~~ A
 12 departmental inspector may enter upon the premises of
 13 ~~any wholesale dealer or retail~~ a dealer, and take from
 14 any container a sample of the motor vehicle fuel or
 15 ~~oxygenate octane enhancer~~ biofuel, not to exceed
 16 sixteen fluid ounces. The sample shall be sealed and
 17 appropriately marked or labeled by the inspector and
 18 delivered to the department. The department shall
 19 make, or cause to be made, complete analyses or tests
 20 of the motor vehicle fuel or ~~oxygenate octane enhancer~~
 21 biofuel by the methods specified in section 214A.2.
 22 Sec. ____ Section 422.11N, subsection 4, paragraph
 23 b, subparagraph (1), subparagraph subdivision (k), as
 24 enacted by 2006 Iowa Acts, [House File 2754](#), section
 25 39, is amended to read as follows:
 26 (k) Twenty-five percent for each determination
 27 period ~~in the period~~ beginning on ~~and after~~ January 1,
 28 ~~2019, and ending on December 31, 2020.~~
 29 Sec. ____ Section 422.11N, subsection 4, paragraph
 30 b, subparagraph (2), subparagraph subdivisions (l) and
 31 (m), as enacted by 2006 Iowa Acts, [House File 2754](#),
 32 section 39, are amended to read as follows:
 33 (l) ~~Twenty-three~~ Twenty-five percent for the
 34 determination period beginning on January 1, 2020, and
 35 ending December 31, 2020.
 36 ~~(m) Twenty-five percent for each determination~~
 37 ~~period beginning on and after January 1, 2021.~~
 38 Sec. ____ Section 422.11N, subsection 4, paragraph
 39 c, as enacted by 2006 Iowa Acts, [House File 2754](#),
 40 section 39, is amended to read as follows:
 41 c. The retail dealer's biofuel threshold
 42 percentage disparity which is a positive percentage
 43 difference obtained by taking the minuend which is the
 44 retail dealer's biofuel ~~distribution~~ threshold
 45 percentage and subtracting from it the subtrahend

46 which is the retail dealer's biofuel ~~threshold~~
47 distribution percentage, in the retail dealer's
48 applicable determination period.
49 Sec.____. Section 422.11N, subsection 5, paragraph
50 b, subparagraphs (1) and (2), as enacted by 2006 Iowa

Page 4

1 Acts, [House File 2754](#), section 39, are amended to read
2 as follows:

3 (1) If a retail dealer has not claimed a tax
4 credit in the retail dealer's previous tax year, the
5 retail dealer may claim the tax credit in the retail
6 dealer's current tax year for that period beginning on
7 January 1 of the retail dealer's previous tax year to
8 the last day of the retail dealer's previous tax year.
9 For that period the retail dealer shall calculate the
10 tax credit in the same manner as a retail dealer who
11 will calculate the tax credit on December 31 of that
12 calendar year as provided in paragraph "a".

13 (2) (a) For the period beginning on the first day
14 of the retail dealer's tax year until December 31, the
15 retail dealer shall calculate the tax credit in the
16 same manner as a retail dealer who calculates the tax
17 credit on that same December 31 as provided in
18 paragraph "a".

19 ~~(2) (b)~~ For the period beginning on January 1 to
20 the end of the retail dealer's tax year, the retail
21 dealer shall calculate the tax credit in the same
22 manner as a retail dealer who will calculate the tax
23 credit on the following December 31 as provided in
24 paragraph "a".

25 Sec.____. Section 422.11N, subsection 9, as
26 enacted by 2006 Iowa Acts, [House File 2754](#), section
27 39, is amended to read as follows:

28 9. This section is repealed on January 1, ~~2026~~
29 2021.

30 Sec.____. Section 422.11O, subsection 4,
31 paragraphs a and b, as enacted by 2006 Iowa Acts,
32 [House File 2754](#), section 40, are amended to read as
33 follows:

34 a. If a retail dealer has not claimed a tax credit
35 in the retail dealer's previous tax year, the retail
36 dealer may claim the tax credit in the retail dealer's
37 current tax year for that period beginning on January
38 1 of the retail dealer's previous tax year to the last
39 day of the retail dealer's previous tax year. For
40 that period the retail dealer shall calculate the tax
41 credit in the same manner as a retail dealer who will
42 calculate the tax credit on December 31 of that
43 calendar year as provided in subsection 3.

44 b. (1) For the period beginning on the first day

45 of the retail dealer's tax year until December 31, the
46 retail dealer shall calculate the tax credit in the
47 same manner as a retail dealer who calculates the tax
48 credit on that same December 31 as provided in
49 subsection 3.
50 ~~b. (2)~~ For the period beginning on January 1 to

Page 5

1 the end of the retail dealer's tax year, the retail
2 dealer shall calculate the tax credit in the same
3 manner as a retail dealer who will calculate the tax
4 credit on the following December 31 as provided in
5 subsection 3.

6 Sec. ____ Section 422.33, subsection 11A,
7 paragraph c, as enacted by 2006 Iowa Acts, House File
8 2754, section 46, is amended to read as follows:

9 c. This subsection is repealed on January 1, ~~2026~~
10 2021.

11 Sec. ____ 2006 Iowa Acts, [House File 2754](#), section
12 49, subsection 2, is amended to read as follows:

13 2. For a retail dealer who may claim an ethanol
14 promotion tax credit under section 422.11N or 422.33,
15 subsection 11A, as enacted in this Act, in calendar
16 year ~~2025~~ 2020 and whose tax year ends prior to
17 December 31, ~~2025~~ 2020, the retail dealer may continue
18 to claim the tax credit in the retail dealer's
19 following tax year. In that case, the tax credit
20 shall be calculated in the same manner as provided in
21 section 422.11N or 422.33, subsection 11A, as enacted
22 in this Act, for the remaining period beginning on the
23 first day of the retail dealer's new tax year until
24 December 31, ~~2025~~ 2020. For that remaining period,
25 the tax credit shall be calculated in the same manner
26 as a retail dealer whose tax year began on the
27 previous January 1 and who is calculating the tax
28 credit on December 31, ~~2025~~ 2020.

29 Sec. ____ 2006 Iowa Acts, [House File 2754](#), section
30 83, subsection 4, is amended to read as follows:

31 4. Sections 214A.1, 214A.4, ~~214A.5, 214A.7,~~
32 214A.8, and 214A.10, Code 2005, are amended by
33 striking from the provisions the words "oxygenate
34 octane enhancer" and inserting the following:
35 "oxygenate".

36 Sec. ____ NEW SECTION. 455G.3A SPECIAL
37 APPROPRIATION - RENEWABLE FUEL INFRASTRUCTURE FUND.

38 1. Notwithstanding section 455G.3, for the fiscal
39 period beginning July 1, 2006, and ending June 30,
40 2008, there is appropriated each fiscal year from the
41 Iowa comprehensive petroleum underground storage tank
42 fund created in section 455G.3, to the renewable fuel
43 infrastructure fund, created in section 15G.119, three

44 million five hundred thousand dollars.
 45 2. This section is repealed on July 1, 2008.
 46 Sec.____. Section 15.401, Code Supplement 2005, is
 47 repealed.
 48 Sec.____. TRANSFER OF MONEYS. Moneys appropriated
 49 to the Iowa department of economic development for the
 50 purposes provided in section 15.401 shall be

Page 6

1 transferred to the renewable fuel infrastructure fund
 2 created in section 15G.119, as enacted by this Act, to
 3 be expended as provided in sections 15G.116 and
 4 15G.117, as enacted by 2006 Iowa Acts, House File
 5 2754, sections 30 and 31.
 6 Sec.____. MOTOR FUEL INSPECTION. There is
 7 appropriated from the renewable fuel infrastructure
 8 fund as created in section 15G.119, as enacted in this
 9 Act, to the department of agriculture and land
 10 stewardship for each fiscal year of the fiscal period
 11 beginning July 1, 2006, and ending June 30, 2008, the
 12 following amount, or so much thereof as is necessary,
 13 to be used for the purposes designated:
 14 For purposes of the inspection of motor fuel,
 15 including salaries, support, maintenance,
 16 miscellaneous purposes, and for not more than the
 17 following full-time equivalent positions:
 18 \$ 300,000
 19 FTEs 3.00
 20 The department shall establish and administer
 21 programs for the auditing of motor fuel including
 22 biofuel processing and production plants, for
 23 screening and testing motor fuel, including renewable
 24 fuel, and for the inspection of motor fuel sold by
 25 dealers including retail dealers who sell and dispense
 26 motor fuel from motor fuel pumps."
 27 2. Page 2, line 14, by striking the words "This
 28 Act is" and inserting the following: "The sections of
 29 this Act, other than the section of this Act enacting
 30 section 214A.1A, are".
 31 3. Page 2, by inserting after line 15 the
 32 following:
 33 "Sec.____. SPECIAL EFFECTIVE DATE. The section of
 34 this Act enacting section 214A.1A, being deemed of
 35 immediate importance, takes effect upon enactment."
 36 4. Title page, line 1, by inserting before the
 37 word "providing" the following: "relating to
 38 renewable fuel, by".
 39 5. Title page, line 2, by inserting after the
 40 word "infrastructure," the following: "providing for
 41 tax credits,".
 42 6. Title page, lines 2 and 3, by striking the

43 words "a contingent effective date" and inserting the
44 following: "contingent and other effective dates".
45 7. By renumbering as necessary.

Hogg of Linn offered the following amendment [H-8595](#), to the Senate amendment [H-8586](#), filed by him from the floor and moved its adoption:

[H-8595](#)

1 Amend the Senate amendment, [H-8586](#), to House File
2 2759, as amended, passed, and reprinted by the House,
3 as follows:

4 1. Page 1, line 43, by inserting before the word
5 "Up" the following: "The renewable fuel
6 infrastructure board may also allocate any amount of
7 moneys appropriated pursuant to section 455G.3A to
8 support the biorefinery technology projects program as
9 provided in section 15G.120."

10 2. Page 2, by inserting after line 12 the
11 following:

12 "Sec. __. **NEW SECTION.** 15G.120 BIOREFINERY
13 TECHNOLOGY PROJECTS PROGRAM.

14 A biorefinery technology projects program is
15 established in order to assist persons engaged in the
16 research, development, and commercialization of
17 integrated biorefinery technology projects. As
18 determined by the renewable fuel infrastructure board,
19 a project must further the production of liquid
20 renewable fuels and other high-value coproducts that
21 use nonfood agricultural crops as biofuel stock.

22 1. An application for an integrated biorefinery
23 technology project must be filed with the department
24 as required by the department and must at a minimum
25 include all of the following:

26 a. A business plan that demonstrates managerial
27 and technical expertise.

28 b. A fundraising plan that demonstrates private
29 investment contributions and possible federal
30 government contributions.

31 c. The probability of the future creation of new
32 high-quality jobs.

33 d. The probability of improvements to the
34 environment.

35 e. The probability of reductions in fossil fuel
36 use.

37 f. The use of research or technology developed in
38 this state by a college, university, business, or
39 governmental agency.

40 g. The potential for further technological
41 development in this state.

42 h. The feasibility that a proposed biorefinery
 43 will remain a viable enterprise in the state.
 44 i. Any other component that the Iowa economic
 45 development board determines to be reasonable and
 46 necessary to promote the viability of the project and
 47 further the public interest.
 48 2. The renewable fuel infrastructure board may
 49 establish terms and conditions for the allocation of
 50 the moneys."

Page 2

1 3. By renumbering as necessary.

Amendment [H-8595](#) lost.

On motion by Sands of Louisa the House concurred in the Senate amendment [H-8586](#).

Sands of Louisa moved that the bill, as amended by the Senate and concurred in by the House, 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. 2759](#))

The ayes were, 94:

Alons	Anderson	Arnold	Baudler
Bell	Berry	Boal	Bukta
Carroll	Chambers	Cphoon	Dandekar
Davitt	De Boef	Dix	Dolecheck
Drake	Eichhorn	Foege	Ford
Freeman	Frevert	Gaskill	Gipp
Granzow	Greiner	Heaton	Heddens
Hoffman	Hogg	Horbach	Hunter
Huseman	Huser	Hutter	Jacobs
Jacoby	Jochum	Kaufmann	Kressig
Kuhn	Kurtenbach	Lalk	Lukan
Lykam	Maddox	Mascher	May
McCarthy	Mertz	Murphy	Oldson
Olson, D.	Olson, R.	Olson, S.	Paulsen
Petersen	Pettengill	Quirk	Raecker
Rants, Spkr.	Rasmussen	Rayhons	Reasoner
Reichert	Roberts	Sands	Schickel
Schueller	Shomshor	Shoultz	Smith
Soderberg	Struyk	Swaim	Taylor, D.
Taylor, T.	Thomas	Tjepkes	Tomenga
Tymeson	Upmeyer	Van Engelenhoven	Van Fossen, J.K.
Van Fossen, J.R.	Watts	Wendt	Wessel-Kroeschell

Whitaker Wise	Whitead Elgin, Presiding	Wilderdyke	Winckler
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The nays were, none.

Absent or not voting, 6:

Fallon Miller	Jenkins Zirkelbach	Jones	Lensing
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The bill having received a constitutional majority was declared to have passed the House and the title, as amended, was agreed to.

IMMEDIATE MESSAGE

Jacobs of Polk asked and received unanimous consent that [House File 2759](#) be immediately messaged to the Senate.

The House stood at ease at 2:52 p.m., until the fall of the gavel.

The House resumed session at 3:55 p.m., Roberts of Carroll in the chair.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 101

Soderberg of Plymouth offered the following **House Memorial Resolution 101** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 101

Whereas, The Honorable Donald H. Binneboese, of Plymouth County, Iowa, who was a member of the second half of the Sixty-sixth, Sixty-seventh, Sixty-seventh Extra, Sixty-eighth, Sixty-ninth, Sixty-ninth Extra, and Sixty-ninth Second-Extra General Assemblies, passed away February 28, 2005; Now Therefore,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating his life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, Soderberg of Plymouth, Wendt of Woodbury and Huseman of Cherokee.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 102

Schickel of Cerro Gordo offered the following **House Memorial Resolution 102** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 102

Whereas, The Honorable Betty Jean "Beje" Clark, of Cerro Gordo County, Iowa, who was a member of the Sixty-seventh, Sixty-seventh Extra, Sixty-eighth, Sixty-ninth, Sixty-ninth Extra, Sixty-ninth Second Extra, Seventieth, Seventy-first, Seventy-second, Seventy-second Extra, Seventy-second Second Extra and Seventy-third General Assemblies, passed away April 10, 2005; *Now Therefore*,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating her life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, Schickel of Cerro Gordo, Kuhn of Floyd and Dix of Butler.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 103

Horbach of Tama offered the following **House Memorial Resolution 103** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 103

Whereas, The Honorable Thomas Cooper Evans, of Grundy County, Iowa, who was a member of the Sixty-sixth, Sixty-seventh, Sixty-seventh Extra and the first half of the Sixty-eighth General Assemblies, passed away December 22, 2005; *Now Therefore*,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating his life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, Horbach of Tama, Smith of Marshall and Granzow of Hardin.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 104

Van Engelenhoven of Marion offered the following **House Memorial Resolution 104** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 104

Whereas, The Honorable Robert J. Grandia, of Marion County, Iowa, who was a member of the Seventieth and Seventy-first General Assemblies, passed away April 24, 2005; *Now Therefore*,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating his life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, Van Engelenhoven of Marion, Arnold of Lucas and Davitt of Warren.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 105

Wessel-Kroeschell of Story offered the following **House Memorial Resolution 105** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 105

Whereas, The Honorable Jane Greimann, of Story County, Iowa, who was a member of the second half of the Seventy-eighth, Seventy-ninth, Seventy-ninth Extra, Seventy-ninth Second Extra, Eightieth, Eightieth Extra, and Eightieth Second Extra General Assemblies, passed away February 4, 2006; *Now Therefore*,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating her life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, Wessel-Kroeschell of Story, Kurtenbach of Story and Heddens of Story.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 106

Gipp of Winneshiek offered the following **House Memorial Resolution 106** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 106

Whereas, The Honorable Walter R. Hagen, of Allamakee County, Iowa, who was a member of the Fifty-ninth, Sixtieth, and Sixtieth Extra General Assemblies, passed away August 7, 2005; *Now Therefore*,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating his life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, Gipp of Winneshiek, Thomas of Clayton and Lalk of Fayette.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 107

Pettengill of Benton offered the following **House Memorial Resolution 107** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 107

Whereas, The Honorable Harley S. Hanson, of Benton County, Iowa, who was a member of the Sixty-second General Assembly, passed away January 2, 2002; *Now Therefore*,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating his life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, Pettengill of Benton, Horbach of Tama and De Boef of Keokuk.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 108

Lalk of Fayette offered the following **House Memorial Resolution 108** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 108

Whereas, The Honorable Donald L. Kimball, of Fayette County, Iowa, who was a member of the Fifty-seventh and Fifty-eighth General Assemblies, passed away April 4, 2005; *Now Therefore*,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating his life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, Lalk of Fayette, Rasmussen of Buchanan and Thomas of Clayton.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 109

J.R. Van Fossen of Scott offered the following **House Memorial Resolution 109** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 109

Whereas, The Honorable E. Jean Kiser, of Scott County, Iowa, who was a member of the Sixty-fifth General Assembly, passed away May 9, 2004; *Now Therefore*,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating her life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, J.R. Van Fossen of Scott, Hutter of Scott and Lykam of Scott.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 110

D. Olson of Boone offered the following **House Memorial Resolution 110** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 110

Whereas, The Honorable Joyce Lonergan, of Boone County, Iowa, who was a member of the Sixty-sixth, Sixty-seventh, Sixty-seventh Extra, Sixty-eighth, Sixty-ninth, Sixty-ninth Extra, Sixty-ninth Second Extra, Seventieth, and Seventy-first General Assemblies, passed away January 17, 2006; *Now Therefore*,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating her life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, D. Olson of Boone, Heddens of Story and Kurtenbach of Story.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 111

Pettengill of Benton offered the following **House Memorial Resolution 111** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 111

Whereas, The Honorable Jack N. Milroy, of Benton County, Iowa, who was a member of the Fifty-sixth, Fifty-seventh, and Fifty-eighth General Assemblies, passed away January 4, 2004; *Now Therefore*,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating his life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, Pettengill of Benton, Paulsen of Linn and De Boef of Keokuk.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 112

Shomshor of Pottawattamie offered the following **House Memorial Resolution 112** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 112

Whereas, The Honorable Emil S. Pavich, of Pottawattamie County, Iowa, who was a member of the Sixty-sixth, Sixty-seventh, Sixty-seventh Extra, Sixty-eighth, Sixty-ninth, Sixty-ninth Extra, Sixty-ninth Second Extra, Seventieth, Seventy-first, Seventy-second, Seventy-second Extra, Seventy-second Second Extra, Seventy-third, Seventy-fourth, Seventy-fourth Extra, and Seventy-Fourth Second Extra General Assemblies, passed away May 6, 2005; *Now Therefore*,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating his life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, Shomshor of Pottawattamie, Struyk of Pottawattamie and Drake of Pottawattamie.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 113

S. Olson of Clinton offered the following **House Memorial Resolution 113** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 113

Whereas, The Honorable John Pelton, of Clinton County, Iowa, who was a member of the Sixty-seventh, Sixty-seventh Extra, Sixty-eighth, Sixty-ninth, Sixty-ninth Extra, and Sixty-ninth Second Extra General Assemblies, passed away March 17, 2006; *Now Therefore*,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating his life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, S. Olson of Clinton, Bukta of Clinton and J.R. Van Fossen of Scott.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 114

J.K. Van Fossen of Scott offered the following **House Memorial Resolution 114** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 114

Whereas, The Honorable Don A. Petruccelli, of Scott County, Iowa, who was a member of the Fifty-sixth and Fifty-seventh General Assemblies, passed away January 8, 2003; *Now Therefore*,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating his life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, J.K. Van Fossen of Scott, Hutter of Scott and Lykam of Scott.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 115

S. Olson of Clinton offered the following **House Memorial Resolution 115** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 115

Whereas, The Honorable Victor G. Stueland, of Clinton County, Iowa, who was a member of the Sixty-ninth, Sixty-ninth Extra, Sixty-ninth Second Extra, Seventieth, Seventy-first, Seventy-second, Seventy-second Extra, Seventy-second Second Extra, and Seventy-third General Assemblies, passed away November 1, 2005; Now Therefore,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating his life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, S. Olson of Clinton, Bukta of Clinton and J.R. Van Fossen of Scott.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 116

Pettengill of Benton offered the following **House Memorial Resolution 116** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 116

Whereas, The Honorable David E. Weichman, of Benton County, Iowa, who was a member of the Fifty-ninth and Sixty-third General Assemblies, passed away April 11, 2000; Now Therefore,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating his life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, Pettengill of Benton, Paulsen of Linn and De Boef of Keokuk.

ADOPTION OF HOUSE MEMORIAL RESOLUTION 117

J.R. Van Fossen of Scott offered the following **House Memorial Resolution 117** and moved its adoption:

HOUSE MEMORIAL RESOLUTION 117

Whereas, The Honorable Warren K. Wood, of Scott County, Iowa, who was a member of the Sixty-second General Assembly, passed away December 24, 2000; Now Therefore,

Be It Resolved By The House Of Representatives, That a committee of three be appointed by the Speaker of the House to prepare suitable resolutions commemorating his life, character and service to the state.

The motion prevailed and the Speaker appointed as such committee, J.R. Van Fossen of Scott, J.K. Van Fossen of Scott and Lykam of Scott.

The House stood at ease at 4:09 p.m., until the fall of the gavel.

The House resumed session at 4:25 p.m., S. Olson of Clinton in the chair.

INTRODUCTION OF BILLS

House File 2795, by committee on ways and means, a bill for an act relating to individual income tax relief by providing for a senior taxpayer income tax exclusion and the phasing out of the income tax on social security benefits and including effective and applicability date provisions.

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

House File 2796, by committee on ways and means, a bill for an act allowing individual income tax credits for contributions made to certain school tuition organizations and including effective and retroactive applicability date provisions.

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

On motion by Gipp of Winneshiek, the House was recessed at 4:56 p.m., until 6:15 p.m.

EVENING SESSION

The House reconvened at 6:35 p.m., Speaker pro tempore Carroll in the chair.

QUORUM CALL

A non-record roll call was requested to determine that a quorum was present. The vote revealed sixty-nine members present, thirty-one absent.

MESSAGE FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker: I am directed to inform your honorable body that the Senate has on May 1, 2006, passed the following bill in which the concurrence of the House is asked:

[Senate File 2398](#), a bill for an act providing a sales tax exemption for purchases of solar energy equipment.

MICHAEL E. MARSHALL, Secretary

SENATE MESSAGE CONSIDERED

[Senate File 2398](#), by committee on ways and means, a bill for an act providing a sales tax exemption for purchases of solar energy equipment.

Read first time and referred to committee on **ways and means**.

CONSIDERATION OF BILLS

Unfinished Business Calendar

[Senate File 2364](#), a bill for an act relating to various matters under the purview of the insurance division of the department of commerce including the securities and regulated industries bureau, insurance premium taxes, the uniform securities Act, insurance division procedures, regulation of insurance companies and other entities including administrative penalties, motor vehicle service contracts, county and state mutual insurance associations, reciprocal or interinsurance insurers, consolidation, merger and reinsurance

contracts, insurance holding company systems, and cemeteries, previously deferred and found on pages 1205-1208 of the House Journal, was taken up for consideration.

Gipp of Winneshiek asked and received unanimous consent that amendment [H-8564](#) be deferred.

Hoffman of Crawford offered the following amendment [H-8597](#) filed by him, Anderson of Page and Swaim of Davis from the floor and moved its adoption:

[H-8597](#)

- 1 Amend [Senate File 2364](#), as passed by the Senate, as
- 2 follows:
- 3 1. Page 5, by inserting after line 28 the
- 4 following:
- 5 "Sec. ____ NEW SECTION. 505.29 SERVICE OF
- 6 PROCESS – FEE.
- 7 The commissioner of insurance, pursuant to rules
- 8 adopted pursuant to chapter 17A, may collect a
- 9 reasonable fee each time process is served on the
- 10 commissioner as allowed by law. Fees collected by the
- 11 commissioner under this section shall be used and are
- 12 appropriated to the insurance division to offset the
- 13 costs of receiving such service of process. The party
- 14 to a proceeding causing service of process is entitled
- 15 to recover this fee as costs if the party prevails in
- 16 the proceeding."
- 17 2. Page 10, by striking lines 18 through 26.
- 18 3. Page 30, by striking lines 23 and 24.
- 19 4. Page 31, by striking lines 7 and 8.
- 20 5. Page 39, line 3, by striking the words "~~or~~
- 21 ~~process~~" and inserting the following: "or process".
- 22 6. Page 40, line 1, by striking the words "~~or~~
- 23 ~~process~~" and inserting the following: "or process".
- 24 7. Page 41, by striking lines 12 through 27.
- 25 8. Page 43, by striking lines 11 through 20.
- 26 9. By striking page 43, line 28, through page 44,
- 27 line 6.
- 28 10. By striking page 48, line 9, through page 50,
- 29 line 2, and inserting the following:
- 30 "Sec. ____ Section 516E.3, subsection 1, paragraph
- 31 a, Code Supplement 2005, is amended to read as
- 32 follows:
- 33 a. A service contract shall not be issued, sold,
- 34 or offered for sale in this state unless a true and
- 35 correct copy of the service contract, and the service
- 36 company's reimbursement insurance policy, if

37 applicable, have been filed with the commissioner by
38 the service company.
39 Sec.____. Section 516E.3, subsection 2, paragraph
40 b, Code Supplement 2005, is amended to read as
41 follows:
42 b. A provider shall file a consent to service of
43 process on the commissioner, a notice with the name
44 and ownership of the provider, and such other
45 information as the commissioner requires, annually
46 with the commissioner no later than August 1. If
47 August 1 falls on a weekend or a holiday, the date for
48 filing shall be the next business day. In addition to
49 the annual filing, the provider shall promptly file
50 copies of any amended documents if material amendments

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1 have been made in the materials on file with the
2 commissioner. If an annual filing is made after
3 August 1 and sales have occurred during the period
4 when the provider was in noncompliance with this
5 section, the commissioner shall assess an additional
6 filing fee that is two times the amount normally
7 required for an annual filing. A fee shall not be
8 charged for interim filings made to keep the materials
9 filed with the division current and accurate. The
10 annual filing shall be accompanied by a filing fee in
11 the amount of one hundred dollars."
12 11. Page 60, by striking lines 31 through 33 and
13 inserting the following: "the association or upon the
14 commissioner of insurance on its behalf. The
15 commissioner shall promptly transmit any notice served
16 upon the commissioner to the association."
17 12. By striking page 60, line 34, through page
18 61, line 33.
19 13. By striking page 69, line 15, through page
20 70, line 16.
21 14. Page 78, by striking lines 2 through 16 and
22 inserting the following:
23 "Sec.____. Sections 509B.4, 521.9, 521.11, and
24 521.12, Code 2005, are repealed.
25 Sec.____. Section 516E.17, Code Supplement 2005,
26 is repealed."
27 15. Title page, line 5, by inserting after the
28 word "procedures" the following: "including fees and
29 an appropriation".
30 16. By renumbering as necessary.

Amendment [H-8597](#) was adopted.

Hoffman of Crawford offered the following amendment [H-8530](#) filed by him and moved its adoption:

[H-8530](#)

1 Amend [Senate File 2364](#), as passed by the Senate, as
 2 follows:
 3 1. Page 9, line 7, by striking the word "one-
 4 third" and inserting the following: "forty-nine
 5 percent".

Amendment [H-8530](#) was adopted, placing out of order amendment [H-8583](#) filed by Anderson of Page et al., on April 25, 2006 and amendment [H-8588](#) filed by Swaim of Davis on April 27, 2006.

Kaufmann of Cedar asked and received unanimous consent to withdraw amendment [H-8564](#), previously deferred, filed by him on April 20, 2006.

Eichhorn of Hamilton asked and received unanimous consent to withdraw amendment [H-8591](#) filed by him from the floor.

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?" ([S.F. 2364](#))

The ayes were, 93:

Alons	Anderson	Arnold	Bell
Berry	Boal	Bukta	Chambers
Cohoon	Dandekar	Davitt	De Boef
Dix	Dolecheck	Drake	Eichhorn
Elgin	Foege	Ford	Freeman
Frevert	Gaskill	Gipp	Granzow
Greiner	Heaton	Heddens	Hoffman
Hogg	Horbach	Hunter	Huseman
Huser	Hutter	Jacobs	Jacoby
Jochum	Kaufmann	Kressig	Kuhn
Kurtenbach	Lalk	Lukan	Lykam
Maddox	Mascher	May	McCarthy
Mertz	Murphy	Oldson	Olson, D.
Olson, R.	Olson, S.	Paulsen	Petersen
Pettengill	Quirk	Raecker	Rants, Spkr.
Rasmussen	Rayhons	Reasoner	Reichert
Roberts	Sands	Schickel	Schueller

Shomshor	Shoultz	Smith	Soderberg
Struyk	Swaim	Taylor, D.	Taylor, T.
Thomas	Tjepkes	Tomenga	Tymeson
Upmeyer	Van Engelenhoven	Van Fossen, J.K.	Van Fossen, J.R.
Watts	Wendt	Wessel-Kroeschell	Whitaker
Whitead	Wilderdyke	Winckler	Wise
Carroll, Presiding			

The nays were, none.

Absent or not voting, 7:

Baudler	Fallon	Jenkins	Jones
Lensing	Miller	Zirkelbach	

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

IMMEDIATE MESSAGE

Gipp of Winneshiek asked and received unanimous consent that [Senate File 2364](#) be immediately messaged to the Senate.

Ways and Means Calendar

[House File 2794](#), a bill for an act relating to the policy and technical administration of the tax and related laws by the department of revenue, including administration of and tax exemptions under the income, sales, use, local option sales, and property taxes, updating the streamlined sales and use tax, and including effective and retroactive applicability date provisions, was taken up for consideration.

J.K. Van Fossen of Scott offered amendment [H-8566](#) filed by him and Kurtenbach of Story as follows:

[H-8566](#)

- 1 Amend [House File 2794](#) as follows:
- 2 1. By striking everything after the enacting
- 3 clause and inserting the following:
- 4 "DIVISION I
- 5 TAX ADMINISTRATION AND POLICY
- 6 Section 1. Section 15E.193B, subsection 8,
- 7 unnumbered paragraph 1, Code Supplement 2005, is
- 8 amended to read as follows:

9 The amount of the tax credits determined pursuant
10 to subsection 6, paragraph "a", for each project shall
11 be approved by the department of economic development.
12 The department shall utilize the financial information
13 required to be provided under subsection 5, paragraph
14 "e", to determine the tax credits allowed for each
15 project. In determining the amount of tax credits to
16 be allowed for a project, the department shall not
17 include the portion of the project cost financed
18 through federal, state, and local government tax
19 credits, grants, and forgivable loans. Upon approving
20 the amount of the tax credit, the department of
21 economic development shall issue a tax credit
22 certificate to the eligible housing business except
23 when low-income housing tax credits authorized under
24 section 42 of the Internal Revenue Code are used to
25 assist in the financing of the housing development in
26 which case the tax credit certificate may be issued to
27 a partner if the business is a partnership, a
28 shareholder if the business is an S corporation, or a
29 member if the business is a limited liability company
30 in the amounts designated by the eligible partnership,
31 S corporation, or limited liability company. An
32 eligible housing business or the designated partner if
33 the business is a partnership, designated shareholder
34 if the business is an S corporation, or designated
35 member if the business is a limited liability company,
36 or transferee shall not claim the tax credit unless a
37 tax credit certificate issued by the department of
38 economic development is attached to the taxpayer's
39 return for the tax year for which the tax credit is
40 claimed. The tax credit certificate shall contain the
41 taxpayer's name, address, tax identification number,
42 the amount of the tax credit, and other information
43 required by the department of revenue. The tax credit
44 certificate shall be transferable if the housing
45 development is located in a brownfield site as defined
46 in section 15.291, if the housing development is
47 located in a blighted area as defined in section
48 403.17, or if low-income housing tax credits
49 authorized under section 42 of the Internal Revenue
50 Code are used to assist in the financing of the

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1 housing development. Not more than three million
2 dollars worth of tax credits for housing developments
3 that are located in a brownfield site as defined in
4 section 15.291 or housing developments located in a
5 blighted area as defined in section 403.17 shall be
6 transferred in one calendar year. The three million
7 dollar annual limit does not apply to tax credits

8 awarded to an eligible housing business having low-
9 income housing tax credits authorized under section 42
10 of the Internal Revenue Code to assist in the
11 financing of the housing development. The department
12 may approve an application for tax credit certificates
13 for transfer from an eligible housing business located
14 in a brownfield site as defined in section 15.291 or
15 in a blighted area as defined in section 403.17 that
16 would result in the issuance of more than three
17 million dollars of tax credit certificates for
18 transfer provided the department, through negotiation
19 with the eligible business, allocates those tax credit
20 certificates for transfer over more than one calendar
21 year. The department shall not ~~issue~~ approve more
22 than one million five hundred thousand dollars in tax
23 credit certificates for transfer to any one eligible
24 housing business located in a brownfield site as
25 defined in section 15.291 or in a blighted area as
26 defined in section 403.17 in a calendar year. If
27 three million dollars in tax credit certificates for
28 transfer have not been issued at the end of a calendar
29 year, the remaining tax credit certificates for
30 transfer may be issued in advance to an eligible
31 housing business scheduled to receive a tax credit
32 certificate for transfer in a later calendar year.
33 Any time the department ~~issues~~ approves a tax credit
34 certificate for transfer which has not been allocated
35 at the end of a calendar year, the department may
36 prorate the remaining certificates to more than one
37 eligible applicant. If the entire three million
38 dollars of tax credit certificates for transfer is not
39 issued in a given calendar year, the remaining amount
40 may be carried over to a succeeding calendar year.
41 Tax credit certificates issued under this chapter may
42 be transferred to any person or entity. The
43 department of economic development shall notify the
44 department of revenue of the tax credit certificates
45 which have been approved for transfer. Within ninety
46 days of transfer, the transferee must submit the
47 transferred tax credit certificate to the department
48 of ~~economic development~~ revenue along with a statement
49 containing the transferee's name, tax identification
50 number, and address, and the denomination that each

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1 replacement tax credit certificate is to carry and any
2 other information required by the department of
3 revenue. Within thirty days of receiving the
4 transferred tax credit certificate and the
5 transferee's statement, the department of ~~economic~~
6 ~~development~~ revenue shall issue one or more

7 replacement tax credit certificates to the transferee.
8 Each replacement certificate must contain the
9 information required to receive the original
10 certificate and must have the same expiration date
11 that appeared in the transferred tax credit
12 certificate. Tax credit certificate amounts of less
13 than the minimum amount established by rule of the
14 department of economic development shall not be
15 transferable. A tax credit shall not be claimed by a
16 transferee under subsection 6, paragraph "a", until a
17 replacement tax credit certificate identifying the
18 transferee as the proper holder has been issued.
19 Sec. 2. Section 68A.102, subsection 21, Code
20 Supplement 2005, is amended to read as follows:
21 21. "State income tax liability" means the state
22 individual income tax imposed under section 422.5
23 ~~reduced by the sum of the deductions from the computed~~
24 ~~tax as provided under section 422.12, less the amounts~~
25 of nonrefundable credits allowed under chapter 422,
26 division II.
27 Sec. 3. Section 257.21, unnumbered paragraph 2,
28 Code 2005, is amended to read as follows:
29 The instructional support income surtax shall be
30 imposed on the state individual income tax for the
31 calendar year during which the school's budget year
32 begins, or for a taxpayer's fiscal year ending during
33 the second half of that calendar year and after the
34 date the board adopts a resolution to participate in
35 the program or the first half of the succeeding
36 calendar year, and shall be imposed on all individuals
37 residing in the school district on the last day of the
38 applicable tax year. As used in this section, "state
39 individual income tax" means the taxes computed under
40 section 422.5, less the amounts of nonrefundable
41 credits allowed in sections 422.11A, 422.11B, 422.12,
42 and 422.12B under chapter 422, division II.
43 Sec. 4. Section 331.605B, Code 2005, is amended to
44 read as follows:
45 331.605B FEES COLLECTED – AUDIT.
46 1. The recorder shall make available any
47 information required by the county or state auditor
48 concerning the fees collected under section 331.605A
49 for the purposes of determining the amount of fees
50 collected and the uses for which such fees are

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1 expended.
2 2. A recorder shall collect only statutorily
3 authorized fees for land records management. A
4 recorder shall not collect a fee for viewing,
5 accessing, or printing documents in the county land

6 record information system unless specifically
 7 authorized by statute. However, a recorder may
 8 collect actual third-party fees associated with
 9 accepting and processing statutorily authorized fees
 10 including credit card fees, treasury management fees,
 11 and other transaction fees required to enable
 12 electronic payment. For the purposes of this
 13 subsection, the term "third-party" does not include
 14 the county land record information system, the Iowa
 15 state association of counties, or any of the
 16 association's affiliates.

17 Sec. 5. Section 368.7, subsection 5, Code
 18 Supplement 2005, is amended to read as follows:

19 5. In the discretion of a city council, the
 20 resolution provided for in subsection 1, paragraph
 21 "d", or subsection 2 or 3, may include a provision for
 22 a transition for the imposition of city taxes against
 23 property within the annexation area as provided in
 24 section 368.11, subsection 3, paragraph "m". However,
 25 the city shall provide for such transition for the
 26 imposition of city taxes against that property that is
 27 included in the territory to be annexed without the
 28 consent of the landowner.

29 Sec. 6. Section 368.11, subsection 3, paragraph m,
 30 Code Supplement 2005, is amended to read as follows:

31 m. ~~In the discretion of a city council, a~~ A
 32 provision for a transition for the imposition of city
 33 taxes against property within an annexation area. The
 34 provision shall allow for an exemption from taxation
 35 of the following percentages of assessed valuation
 36 according to the following schedule:

- 37 (1) For the first and second years, seventy-five
 38 percent.
 39 (2) For the third and fourth years, sixty percent.
 40 (3) For the fifth and sixth years, forty-five
 41 percent.
 42 (4) For the seventh and eighth years, thirty
 43 percent.
 44 (5) For the ninth and tenth years, fifteen
 45 percent.

46 An alternative schedule may be adopted by the city
 47 council. ~~However, an~~ An alternative schedule shall
 48 ~~not allow a greater an exemption that is equivalent to~~
 49 ~~or greater~~ than that provided in this paragraph. The
 50 exemption shall be applied in the levy and collection

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1 of taxes. The provision may also allow for the
 2 partial provision of city services during the time in
 3 which the exemption from taxation is in effect.

4 Sec. 7. Section 404A.4, subsection 5, unnumbered

5 paragraph 1, Code Supplement 2005, is amended to read
6 as follows:

7 Tax credit certificates issued under this chapter
8 may be transferred to any person or entity. Within
9 ninety days of transfer, the transferee must submit
10 the transferred tax credit certificate to the ~~state~~
11 ~~historic preservation office~~ department of revenue
12 along with a statement containing the transferee's
13 name, tax identification number, and address, and the
14 denomination that each replacement tax credit
15 certificate is to carry and any other information
16 required by the department of revenue. Within thirty
17 days of receiving the transferred tax credit
18 certificate and the transferee's statement, the ~~office~~
19 department of revenue shall issue one or more
20 replacement tax credit certificates to the transferee.
21 Each replacement certificate must contain the
22 information required under subsection 2 and must have
23 the same expiration date that appeared in the
24 transferred tax credit certificate. Tax credit
25 certificate amounts of less than the minimum amount
26 established by rule of the state historic preservation
27 office shall not be transferable. A tax credit shall
28 not be claimed by a transferee under this chapter
29 until a replacement tax credit certificate identifying
30 the transferee as the proper holder has been issued.

31 Sec. 8. Section 421.17, subsection 14, Code
32 Supplement 2005, is amended by striking the
33 subsection.

34 Sec. 9. Section 422.5, subsection 1, paragraph j,
35 subparagraph (2), unnumbered paragraph 2, Code 2005,
36 is amended to read as follows:

37 This subparagraph shall not affect the amount of
38 the taxpayer's ~~checkoff to the Iowa election campaign~~
39 ~~fund under section 68A.601, the checkoff for the fish~~
40 ~~and game fund in section 456A.16~~ checkoffs under this
41 division, the credits from tax provided ~~in sections~~
42 ~~422.10, 422.11A, and 422.12~~ under this division, and
43 the allocation of these credits between spouses if the
44 taxpayers filed separate returns or separately on
45 combined returns.

46 Sec. 10. Section 422.5, subsection 1, paragraph k,
47 subparagraph (2), subparagraph subdivision (b), Code
48 2005, is amended to read as follows:

49 (b) Twenty-six thousand dollars for a single
50 person or ~~an unmarried~~ a head of household.

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1 Sec. 11. Section 422.5, subsection 2, Code 2005,
2 is amended to read as follows:

3 2. However, the tax shall not be imposed on a

4 resident or nonresident whose net income, as defined
5 in section 422.7, is thirteen thousand five hundred
6 dollars or less in the case of married persons filing
7 jointly or filing separately on a combined return,
8 ~~unmarried~~ heads of household, and surviving spouses or
9 nine thousand dollars or less in the case of all other
10 persons; but in the event that the payment of tax
11 under this division would reduce the net income to
12 less than thirteen thousand five hundred dollars or
13 nine thousand dollars as applicable, then the tax
14 shall be reduced to that amount which would result in
15 allowing the taxpayer to retain a net income of
16 thirteen thousand five hundred dollars or nine
17 thousand dollars as applicable. The preceding
18 sentence does not apply to estates or trusts. For the
19 purpose of this subsection, the entire net income,
20 including any part of the net income not allocated to
21 Iowa, shall be taken into account. For purposes of
22 this subsection, net income includes all amounts of
23 pensions or other retirement income received from any
24 source which is not taxable under this division as a
25 result of the government pension exclusions in section
26 422.7, or any other state law. If the combined net
27 income of a husband and wife exceeds thirteen thousand
28 five hundred dollars, neither of them shall receive
29 the benefit of this subsection, and it is immaterial
30 whether they file a joint return or separate returns.
31 However, if a husband and wife file separate returns
32 and have a combined net income of thirteen thousand
33 five hundred dollars or less, neither spouse shall
34 receive the benefit of this paragraph, if one spouse
35 has a net operating loss and elects to carry back or
36 carry forward the loss as provided in section 422.9,
37 subsection 3. A person who is claimed as a dependent
38 by another person as defined in section 422.12 shall
39 not receive the benefit of this subsection if the
40 person claiming the dependent has net income exceeding
41 thirteen thousand five hundred dollars or nine
42 thousand dollars as applicable or the person claiming
43 the dependent and the person's spouse have combined
44 net income exceeding thirteen thousand five hundred
45 dollars or nine thousand dollars as applicable.
46 In addition, if the married persons', filing
47 jointly or filing separately on a combined return,
48 ~~unmarried~~ head of household's, or surviving spouse's
49 net income exceeds thirteen thousand five hundred
50 dollars, the regular tax imposed under this division

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1 shall be the lesser of the maximum state individual
2 income tax rate times the portion of the net income in

3 excess of thirteen thousand five hundred dollars or
4 the regular tax liability computed without regard to
5 this sentence. Taxpayers electing to file separately
6 shall compute the alternate tax described in this
7 paragraph using the total net income of the husband
8 and wife. The alternate tax described in this
9 paragraph does not apply if one spouse elects to carry
10 back or carry forward the loss as provided in section
11 422.9, subsection 3.

12 Sec. 12. Section 422.6, unnumbered paragraph 1,
13 Code 2005, is amended to read as follows:

14 The tax imposed by section 422.5 less the amounts
15 of nonrefundable credits allowed under sections
16 15.333, 15.335, 422.10, 422.11, 422.11A, and 422.11B,
17 and the personal exemption credit allowed under
18 section 422.12 this division apply to and are a charge
19 against estates and trusts with respect to their
20 taxable income, and the rates are the same as those
21 applicable to individuals. The fiduciary shall make
22 the return of income for the estate or trust for which
23 the fiduciary acts, whether the income is taxable to
24 the estate or trust or to the beneficiaries. However,
25 for tax years ending after August 5, 1997, if the
26 trust is a qualified preneed funeral trust as set
27 forth in section 685 of the Internal Revenue Code and
28 the trustee has elected the special tax treatment
29 under section 685 of the Internal Revenue Code,
30 neither the trust nor the beneficiary is subject to
31 Iowa income tax on income accruing to the trust.

32 Sec. 13. Section 422.7, subsection 21, paragraph
33 a, subparagraph (1), unnumbered paragraph 1, Code
34 Supplement 2005, is amended to read as follows:

35 Net capital gain from the sale of real property
36 used in a business, in which the taxpayer materially
37 participated for ten years, as defined in section
38 469(h) of the Internal Revenue Code, and which has
39 been held for a minimum of ten years, or from the sale
40 of a business, as defined in section 423.1, ~~in which~~
41 ~~the taxpayer was employed or~~ in which the taxpayer
42 materially participated for ten years, as defined in
43 section 469(h) of the Internal Revenue Code, and which
44 has been held for a minimum of ten years. The sale of
45 a business means the sale of all or substantially all
46 of the tangible personal property or service of the
47 business.

48 Sec. 14. Section 422.9, subsection 1, Code
49 Supplement 2005, is amended to read as follows:

50 1. An optional standard deduction, after deduction

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1 of federal income tax, equal to one thousand two
2 hundred thirty dollars for a married person who files
3 separately or a single person or equal to three
4 thousand thirty dollars for a husband and wife who
5 file a joint return, a surviving spouse, or ~~an~~
6 ~~unmarried~~ a head of household. The optional standard
7 deduction shall not exceed the amount remaining after
8 deduction of the federal income tax. The amount of
9 federal income tax deducted shall be computed as
10 provided in subsection 2, paragraph "b".

11 Sec. 15. Section 422.10, subsection 4, Code
12 Supplement 2005, is amended to read as follows:

13 4. Any credit in excess of the tax liability
14 imposed by section 422.5 less the amounts of
15 nonrefundable credits allowed under ~~sections 422.11A,~~
16 ~~422.12, and 422.12B~~ this division for the taxable year
17 shall be refunded with interest computed under section
18 422.25. In lieu of claiming a refund, a taxpayer may
19 elect to have the overpayment shown on the taxpayer's
20 final, completed return credited to the tax liability
21 for the following taxable year.

22 Sec. 16. Section 422.10, Code Supplement 2005, is
23 amended by adding the following new subsection:

24 NEW SUBSECTION. 5. An individual may claim an
25 additional research activities credit authorized
26 pursuant to section 15.335 if the eligible business is
27 a partnership, S corporation, limited liability
28 company, or estate or trust which elects to have the
29 income taxed directly to the individual. The amount
30 of the credit shall be as provided in section 15.335.

31 Sec. 17. Section 422.11, Code 2005, is amended to
32 read as follows:

33 422.11 FRANCHISE TAX CREDIT.

34 The taxes imposed under this division, less the
35 credits allowed under ~~section sections~~ 422.12 and
36 422.12B, shall be reduced by a franchise tax credit.
37 A taxpayer who is a shareholder in a financial
38 institution, as defined in section 581 of the Internal
39 Revenue Code, which has in effect for the tax year an
40 election under subchapter S of the Internal Revenue
41 Code, or is a member of a financial institution
42 organized as a limited liability company under chapter
43 524 that is taxed as a partnership for federal income
44 tax purposes, shall compute the amount of the tax
45 credit by recomputing the amount of tax under this
46 division by reducing the taxable income of the
47 taxpayer by the taxpayer's pro rata share of the items
48 of income and expense of the financial institution and
49 subtracting the credits allowed under ~~section sections~~
50 422.12 and 422.12B. This recomputed tax shall be

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1 subtracted from the amount of tax computed under this
2 division after the deduction for credits allowed under
3 ~~section sections~~ 422.12 and 422.12B. The resultig
4 amount, which shall not exceed the taxpayer's pro rata
5 share of the franchise tax paid by the financial
6 institution, is the amount of the franchise tax credit
7 allowed.

8 Sec. 18. Section 422.11B, subsection 1, unnumbered
9 paragraph 2, Code 2005, is amended to read as follows:

10 The minimum tax credit for a tax year is the
11 excess, if any, of the ~~adjusted~~ net minimum tax
12 imposed for all prior tax years beginning on or after
13 January 1, 1987, over the amount allowable as a credit
14 under this section for those prior tax years.

15 Sec. 19. Section 422.11B, subsection 2, unnumbered
16 paragraph 3, Code 2005, is amended to read as follows:

17 ~~The adjusted net minimum tax for a tax year is the
18 net minimum tax for the tax year reduced by the amount
19 which would be the net minimum tax if the only item of
20 tax preference taken into account was that described
21 in paragraph (6) of section 57(a) of the Internal
22 Revenue Code.~~

23 Sec. 20. Section 422.11F, Code 2005, is amended to
24 read as follows:

25 422.11F INVESTMENT TAX CREDITS.

26 1. The taxes imposed under this division, less the
27 credits allowed under sections 422.12 and 422.12B,
28 shall be reduced by an investment tax credit
29 authorized pursuant to section 15E.43 for an
30 investment in a qualifying business or a community-
31 based seed capital fund.

32 2. The taxes imposed under this division, less the
33 credits allowed under sections 422.12 and 422.12B,
34 shall be reduced by investment tax credits authorized
35 pursuant to sections 15.333 and 15E.193B, subsection
36 6.

37 Sec. 21. NEW SECTION. 422.11M IOWA FUND OF FUNDS
38 TAX CREDIT.

39 The taxes imposed under this division, less the
40 credits allowed under sections 422.12 and 422.12B,
41 shall be reduced by a tax credit authorized pursuant
42 to section 15E.66, if redeemed, for investments in the
43 Iowa fund of funds.

44 Sec. 22. Section 422.12, subsection 3, Code 2005,
45 is amended to read as follows:

46 3. For the purpose of this section, the
47 determination of whether an individual is married
48 shall be made ~~as of the close of the individual's tax~~
49 ~~year unless the individual's spouse dies during the~~
50 ~~individual's tax year, in which case the determination~~

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1 ~~shall be made as of the date of the spouse's death in~~
2 ~~accordance with section 7703 of the Internal Revenue~~
3 ~~Code. An individual legally separated from the~~
4 ~~individual's spouse under a decree of divorce or of~~
5 ~~separate maintenance shall not be considered married.~~

6 Sec. 23. Section 422.12A, subsection 2, Code 2005,
7 is amended to read as follows:

8 2. The director of revenue shall draft the income
9 tax form to allow the designation of contributions to
10 the keep Iowa beautiful fund on the tax return. The
11 department of revenue, on or before January 31, shall
12 transfer the total amount designated on the tax return
13 forms due in the preceding calendar year to the keep
14 Iowa beautiful fund. However, before a checkoff
15 pursuant to this section shall be permitted, all
16 liabilities on the books of the department of revenue
17 ~~administrative services~~ and accounts identified as
18 owing under section ~~421.17~~ 8A.504 and the political
19 contribution allowed under section 68A.601 shall be
20 satisfied.

21 Sec. 24. Section 422.12C, subsection 1, unnumbered
22 paragraph 1, Code Supplement 2005, is amended to read
23 as follows:

24 The taxes imposed under this division, less the
25 ~~amounts of nonrefundable~~ credits allowed under
26 ~~sections 422.11A, 422.11B, 422.12, and 422.12B~~ this
27 division, shall be reduced by a child and dependent
28 care credit equal to the following percentages of the
29 federal child and dependent care credit provided in
30 section 21 of the Internal Revenue Code:

31 Sec. 25. Section 422.12C, subsection 2, paragraph
32 a, unnumbered paragraph 1, Code Supplement 2005, is
33 amended to read as follows:

34 ~~In lieu of the child and dependent care credit~~
35 ~~authorized in subsection 1, a taxpayer may claim~~ The
36 taxes imposed under this division, less the amounts of
37 nonrefundable credits allowed under this division, may
38 be reduced by an early childhood development tax
39 credit equal to twenty-five percent of the first one
40 thousand dollars which the taxpayer has paid to others
41 for each dependent, as defined in the Internal Revenue
42 Code, ages three through five for early childhood
43 development expenses. In determining the amount of
44 early childhood development expenses, such expenses
45 paid during November and December of the previous tax
46 year shall be considered paid in the tax year for
47 which the tax credit is claimed. This credit is
48 available to a taxpayer whose net income is less than
49 forty-five thousand dollars. If the early childhood
50 development tax credit is claimed for a tax year, the

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1 taxpayer and the taxpayer's spouse shall not claim the
2 child and dependent care credit under subsection 1.
3 As used in this subsection, "early childhood
4 development expenses" means services provided to the
5 dependent by a preschool, as defined in section
6 237A.1, materials, and other activities as follows:

7 Sec. 26. Section 422.12F, subsection 2, Code 2005,
8 is amended to read as follows:

9 2. The director of revenue shall draft the income
10 tax form to allow the designation of contributions to
11 the volunteer fire fighter preparedness fund on the
12 tax return. The department of revenue, on or before
13 January 31, shall certify the total amount designated
14 on the tax return forms due in the preceding calendar
15 year and shall report the amount to the treasurer of
16 state. The treasurer of state shall credit the amount
17 to the volunteer fire fighter preparedness fund.
18 However, before a checkoff pursuant to this section
19 shall be permitted, all liabilities on the books of
20 the department of ~~revenue administrative services~~ and
21 accounts identified as owing under section ~~421.17~~
22 8A.504 and the political contribution allowed under
23 section 68A.601 shall be satisfied.

24 Sec. 27. NEW SECTION. 422.12G INCOME TAX
25 CHECKOFF FOR IOWA ELECTION CAMPAIGN FUND.

26 A person who files an individual or a joint income
27 tax return with the department of revenue under
28 section 422.13 may designate a contribution to the
29 Iowa election campaign fund authorized pursuant to
30 section 68A.601.

31 Sec. 28. NEW SECTION. 422.12H INCOME TAX
32 CHECKOFF FOR FISH AND GAME PROTECTION FUND.

33 A person who files an individual or a joint income
34 tax return with the department of revenue under
35 section 422.13 may designate a contribution to the
36 state fish and game protection fund authorized
37 pursuant to section 456A.16.

38 Sec. 29. Section 422.33, subsection 5, Code
39 Supplement 2005, is amended by adding the following
40 new paragraphs:

41 NEW PARAGRAPH. f. A corporation which is a
42 primary business or a supporting business in a quality
43 jobs enterprise zone may claim the research activities
44 credit authorized pursuant to section 15A.9,
45 subsection 8, in lieu of the credit computed in
46 paragraph "a" or "b".

47 NEW PARAGRAPH. g. A corporation which is an
48 eligible business may claim an additional research
49 activities credit authorized pursuant to section
50 15.335.

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1 Sec. 30. Section 422.33, subsection 7, paragraph
2 a, unnumbered paragraph 2, Code Supplement 2005, is
3 amended to read as follows:

4 The minimum tax credit for a tax year is the
5 excess, if any, of the ~~adjusted~~ net minimum tax
6 imposed for all prior tax years beginning on or after
7 January 1, 1987, over the amount allowable as a credit
8 under this subsection for those prior tax years.

9 Sec. 31. Section 422.33, subsection 7, paragraph
10 b, unnumbered paragraph 3, Code Supplement 2005, is
11 amended to read as follows:

12 ~~The adjusted net minimum tax for a tax year is the
13 net minimum tax for the tax year reduced by the amount
14 which would be the net minimum tax if the only item of
15 tax preference taken into account was that described
16 in paragraph (6) of section 57(a) of the Internal
17 Revenue Code.~~

18 Sec. 32. Section 422.33, subsection 12, Code
19 Supplement 2005, is amended to read as follows:

20 12. a. The taxes imposed under this division
21 shall be reduced by an investment tax credit
22 authorized pursuant to section 15E.43 for an
23 investment in a qualifying business or a community-
24 based seed capital fund.

25 b. The taxes imposed under this division shall be
26 reduced by investment tax credits authorized pursuant
27 to sections 15.333, 15A.9, subsection 4, and 15E.193B,
28 subsection 6.

29 Sec. 33. Section 422.33, Code Supplement 2005, is
30 amended by adding the following new subsections:

31 NEW SUBSECTION. 20. The taxes imposed under this
32 division shall be reduced by a corporate tax credit
33 authorized pursuant to section 15.331C for certain
34 sales taxes paid by a third-party developer.

35 NEW SUBSECTION. 21. The taxes imposed under this
36 division shall be reduced by a tax credit authorized
37 pursuant to section 15E.66, if redeemed, for
38 investments in the Iowa fund of funds.

39 Sec. 34. Section 422.60, subsection 2, paragraphs
40 a and b, Code Supplement 2005, are amended to read as
41 follows:

42 a. Add items of tax preference included in federal
43 alternative minimum taxable income under section 57,
44 except subsections (a)(1) and (a)(5), of the Internal
45 Revenue Code, make the adjustments included in federal
46 alternative minimum taxable income under section 56,
47 except subsections (a)(4), (c)(1), (d), ~~(f)~~, and (g),
48 of the Internal Revenue Code, and add losses as
49 required by section 58 of the Internal Revenue Code.

50 b. Make the adjustments provided in section

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1 56(c)(1) of the Internal Revenue Code, except that in
2 making the calculation under ~~sections 56(f)(1) and~~
3 section 56(g)(1) of the Internal Revenue Code the
4 state alternative minimum taxable income, computed
5 without regard to the adjustments made by this
6 paragraph, the exemption provided for in paragraph
7 "d", and the state alternative tax net operating loss
8 described in paragraph "e", shall be substituted for
9 the items described in ~~sections 56(f)(1)(B) and~~
10 section 56(g)(1)(B) of the Internal Revenue Code.

11 Sec. 35. Section 422.60, subsection 3, paragraph
12 a, unnumbered paragraph 2, Code Supplement 2005, is
13 amended to read as follows:

14 The minimum tax credit for a tax year is the
15 excess, if any, of the ~~adjusted~~ net minimum tax
16 imposed for all prior tax years beginning on or after
17 January 1, 1987, over the amount allowable as a credit
18 under this subsection for those prior tax years.

19 Sec. 36. Section 422.60, subsection 3, paragraph
20 b, unnumbered paragraph 3, Code Supplement 2005, is
21 amended to read as follows:

22 ~~The adjusted net minimum tax for a tax year is the~~
23 ~~net minimum tax for the tax year reduced by the amount~~
24 ~~which would be the net minimum tax if the only item of~~
25 ~~tax preference taken into account was that described~~
26 ~~in paragraph (6) of section 57(a) of the Internal~~
27 ~~Revenue Code.~~

28 Sec. 37. Section 422.60, subsection 5, Code
29 Supplement 2005, is amended to read as follows:

30 5. a. The taxes imposed under this division shall
31 be reduced by an investment tax credit authorized
32 pursuant to section 15E.43 for an investment in a
33 qualifying business or a community-based seed capital
34 fund.

35 b. The taxes imposed under this division shall be
36 reduced by investment tax credits authorized pursuant
37 to sections 15.333 and 15E.193B, subsection 6.

38 Sec. 38. Section 422.60, Code Supplement 2005, is
39 amended by adding the following new subsections:

40 NEW SUBSECTION. 11. The taxes imposed under this
41 division shall be reduced by a corporate tax credit
42 authorized pursuant to section 15.331C for certain
43 sales taxes paid by a third-party developer.

44 NEW SUBSECTION. 12. The taxes imposed under this
45 division shall be reduced by a tax credit authorized
46 pursuant to section 15E.66, if redeemed, for
47 investments in the Iowa fund of funds.

48 Sec. 39. Section 422D.2, Code 2005, is amended to
49 read as follows:

50 422D.2 LOCAL INCOME SURTAX.

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1 A county may impose by ordinance a local income
2 surtax as provided in section 422D.1 at the rate set
3 by the board of supervisors, of up to one percent, on
4 the state individual income tax of each individual
5 residing in the county at the end of the individual's
6 applicable tax year. However, the cumulative total of
7 the percents of income surtax imposed on any taxpayer
8 in the county shall not exceed twenty percent. The
9 reason for imposing the surtax and the amount needed
10 shall be set out in the ordinance. The surtax rate
11 shall be set to raise only the amount needed. For
12 purposes of this section, "state individual income
13 tax" means the tax computed under section 422.5, less
14 the amounts of nonrefundable credits allowed ~~in~~
15 sections 422.11A, 422.11B, 422.12, and 422.12B under
16 chapter 422, division II.

17 Sec. 40. Section 423.3, subsection 18, Code
18 Supplement 2005, is amended by adding the following
19 new paragraph:

20 NEW PARAGRAPH. f. Home and community based
21 services providers certified to offer Medicaid waiver
22 services by the department of human services that are
23 any of the following:

- 24 (1) Ill and handicapped waiver service providers,
25 described in 441 IAC 77.30.
- 26 (2) Hospice providers, described in 441 IAC 77.32.
- 27 (3) Elderly waiver service providers, described in
28 441 IAC 77.33.
- 29 (4) AIDS/HIV waiver service providers, described
30 in 441 IAC 77.34.
- 31 (5) Federally qualified health centers, described
32 in 441 IAC 77.35.
- 33 (6) MR waiver service providers, described in 441
34 IAC 77.37.
- 35 (7) Brain injury waiver service providers,
36 described in 441 IAC 77.39.

37 Sec. 41. Section 423.3, subsection 39, Code
38 Supplement 2005, is amended by adding the following
39 new paragraph:

40 NEW PARAGRAPH. c. Notwithstanding paragraph "a",
41 the sale, furnishing, or performance of a service that
42 is of a recurring nature by the owner if, at the time
43 of the sale, all of the following apply:

- 44 (1) The seller is not engaged for profit in the
45 business of the selling, furnishing, or performance of
46 services taxed under section 423.2. For purposes of
47 this subparagraph, the fact of the recurring nature of
48 selling, furnishing, or performance of services does
49 not constitute by itself engaging for profit in the
50 business of selling, furnishing, or performance of

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1 services.

2 (2) The owner of the business is the only person
3 performing the service.

4 (3) The owner of the business is a full-time
5 student.

6 (4) The total gross receipts from the sales,
7 furnishing, or performance of services during the
8 calendar year does not exceed five thousand dollars.

9 Sec. 42. Section 423.3, subsection 50, Code
10 Supplement 2005, is amended to read as follows:

11 50. The sales price of sales of electricity,
12 steam, or any taxable service when purchased and used
13 in the processing of tangible personal property
14 intended to be sold ultimately at retail or of any
15 fuel which is consumed in creating power, heat, or
16 steam for processing or for generating electric
17 current.

18 Sec. 43. Section 423.3, subsection 86, Code
19 Supplement 2005, is amended to read as follows:

20 86. The sales price from services performed on a
21 vessel if all of the following apply:

22 a. The vessel is a licensed vessel under the laws
23 of the United States coast guard.

24 ~~b. The vessel is not moored or tied to a physical~~
25 ~~location in this state.~~

26 ~~c. d.~~ The service is used to repair or restore a
27 defect in the vessel.

28 ~~d. c.~~ The vessel is engaged in interstate
29 commerce and will continue in interstate commerce once
30 the repairs or restoration is completed.

31 ~~e. d.~~ The vessel is in navigable water that
32 borders ~~the eastern~~ a boundary of this state.

33 For purposes of this exemption, "vessel" includes a
34 ship, barge, or other waterborne vessel.

35 Sec. 44. Section 423.3, Code Supplement 2005, is
36 amended by adding the following new subsection:

37 NEW SUBSECTION. 89. a. The sales price from the
38 sale of coins, currency, or bullion.

39 b. For purposes of this subsection:

40 (1) "Bullion" means bars, ingots, or commemorative
41 medallions of gold, silver, platinum, palladium, or a
42 combination of these where the value of the metal
43 depends on its content and not the form.

44 (2) "Coins" or "currency" means a coin or currency
45 made of gold, silver, or other metal or paper which is
46 or has been used as legal tender.

47 Sec. 45. Section 423.6, subsection 10, Code 2005,
48 is amended by adding the following new unnumbered
49 paragraph:

50 NEW UNNUMBERED PARAGRAPH. This exemption applies

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1 to corporations that have been in existence for not
2 longer than twenty-four months.
3 Sec. 46. Section 423.6, Code 2005, is amended by
4 adding the following new subsection:
5 NEW SUBSECTION. 25. Exempted from the purchase
6 price of a replacement motor vehicle owned by a motor
7 vehicle dealer licensed under chapter 322 which is
8 being registered by that dealer and is not otherwise
9 exempt from tax is the fair market value of a replaced
10 motor vehicle if all of the following conditions are
11 met:
12 a. The motor vehicle being registered is being
13 placed in service as a replacement motor vehicle for a
14 motor vehicle registered by the motor vehicle dealer.
15 b. The motor vehicle being registered is taken
16 from the motor vehicle dealer's inventory.
17 c. Use tax on the motor vehicle being replaced was
18 paid by the motor vehicle dealer when that motor
19 vehicle was registered.
20 d. The replaced motor vehicle is returned to the
21 motor vehicle dealer's inventory for sale.
22 e. The application for registration and title of
23 the motor vehicle being registered is filed with the
24 county treasurer within two weeks of the date the
25 replaced motor vehicle is returned to the motor
26 vehicle dealer's inventory.
27 f. The motor vehicle being registered is placed in
28 the same or substantially similar service as the
29 replaced motor vehicle.
30 Sec. 47. Section 423.8, Code 2005, is amended to
31 read as follows:
32 423.8 LEGISLATIVE FINDING AND INTENT.
33 The general assembly finds that Iowa should enter
34 into an agreement with one or more states to simplify
35 and modernize sales and use tax administration in
36 order to substantially reduce the burden of tax
37 compliance for all sellers and for all types of
38 commerce. It is the intent of the general assembly
39 that entering into this agreement will lead to
40 simplification and modernization of the sales and use
41 tax law and not to the imposition of new taxes or an
42 increase or decrease in the existing number of
43 exemptions, unless such a result is unavoidable under
44 the terms of the agreement. Entering into this
45 agreement should not cause businesses to sustain
46 additional administrative burden.
47 It is the intent of the general assembly to provide
48 Iowa sellers, impacted by the agreement, with the
49 assistance necessary to alleviate administrative
50 burdens that result in participation in the agreement.

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1 The director and the Iowa streamlined sales tax
2 advisory council shall provide recommendations to
3 address the new administrative burden identified in
4 the Iowa streamlined sales tax advisory council 2005
5 report submitted to the Iowa general assembly. The
6 recommendations must be submitted to the general
7 assembly by January 1, 2007, and shall include the
8 expenses associated and all relevant data including
9 but not limited to the number of intrastate sellers
10 impacted by the agreement.
11 Sec. 48. Section 423.9, Code 2005, is amended to
12 read as follows:
13 423.9 AUTHORITY TO ENTER AGREEMENT AND TO
14 REPRESENT THE STATE.
15 1. The director is authorized and directed to
16 enter into the streamlined sales and use tax agreement
17 with one or more states to simplify and modernize
18 sales and use tax administration in order to
19 substantially reduce the burden of tax compliance for
20 all sellers and for all types of commerce.
21 2. The director is further authorized to take
22 other actions reasonably required to implement the
23 provisions set forth in this chapter. Other actions
24 authorized by this section include, but are not
25 limited to, the adoption of rules and the joint
26 procurement, with other member states, of goods and
27 services in furtherance of the cooperative agreement.
28 ~~The director or the director's designee is~~
29 ~~authorized to be a member of the governing board~~
30 ~~established pursuant to the agreement and to represent~~
31 ~~Iowa before that body.~~
32 3. Four representatives are authorized to be
33 members of the governing board established pursuant to
34 the agreement and to represent Iowa before that body
35 as one vote. The representatives shall be appointed
36 as follows:
37 a. One representative shall be a member of the
38 house of representatives who is appointed by the
39 speaker of the house of representatives or the
40 delegate's designee who shall also be a member of the
41 house of representatives.
42 b. One representative shall be a member of the
43 senate who is appointed by the majority leader of the
44 senate or the delegate's designee who shall also be a
45 member of the senate.
46 c. Two representatives from the executive branch
47 shall be appointed by the governor, one of whom shall
48 be the director, or each delegate's designee who shall
49 also be employed by the executive branch.
50 Sec. 49. NEW SECTION. 423.9A IOWA STREAMLINED

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1 SALES TAX ADVISORY COUNCIL.

2 1. An Iowa streamlined sales tax advisory council
3 is created. The advisory council shall review, study,
4 and submit recommendations to the Iowa streamlined
5 sales and use tax representatives appointed pursuant
6 to section 423.9, subsection 3, regarding the
7 streamlined sales and use tax agreement formalized by
8 the project's member states on November 12, 2002,
9 agreement amendments, proposed language conforming
10 Iowa's sales and use tax to the national agreement,
11 and the following issues:

12 a. Uniform definitions proposed in the current
13 agreement and future proposals.

14 b. Effects upon taxability of items newly defined
15 in Iowa.

16 c. Impacts upon business as a result of the
17 agreement.

18 d. Technology implementation issues.

19 e. Any other issues that are brought before the
20 streamlined sales and use tax member state or the
21 streamlined sales and use tax governing board.

22 2. The department shall provide administrative
23 support to the Iowa streamlined sales tax advisory
24 council. The advisory council shall be representative
25 of Iowa's business community and economy when
26 reviewing and recommending solutions to streamlined
27 sales and use tax issues. The advisory council shall
28 provide the general assembly and the governor with
29 final recommendations made to the Iowa streamlined
30 sales and use tax representatives upon the conclusion
31 of each calendar year.

32 3. The director, in consultation with the Iowa
33 taxpayers association and the Iowa association of
34 business and industry, shall appoint members to the
35 Iowa streamlined sales tax advisory council, which
36 shall consist of the following members:

37 a. One member from the department.

38 b. Three members representing small Iowa
39 businesses, at least one of whom must be a retailer,
40 and at least one of whom shall be a supplier.

41 c. Three members representing medium Iowa
42 businesses, at least one of whom shall be a retailer,
43 and at least one of whom shall be a supplier.

44 d. Three members representing large Iowa
45 businesses, at least one of whom shall be a retailer,
46 and at least one of whom shall be a supplier.

47 e. One member representing taxpayers as a whole.

48 f. One member representing the retail community as
49 a whole.

50 g. Any other member representative of business the

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1 director deems appropriate.
2 Sec. 50. Section 423.33, subsection 3, Code
3 Supplement 2005, is amended to read as follows:
4 3. EVENT SPONSOR'S LIABILITY FOR SALES TAX. A
5 person sponsoring a flea market or a craft, antique,
6 coin, or stamp show or similar event shall obtain from
7 every retailer selling tangible personal property or
8 taxable services at the event proof that the retailer
9 possesses a valid sales tax permit or secure from the
10 retailer a statement, taken in good faith, that
11 property or services offered for sale are not subject
12 to sales tax. Failure to do so renders a sponsor of
13 the event liable for payment of any sales tax,
14 interest, and penalty due and owing from any retailer
15 selling property or services at the event. Sections
16 423.31, 423.32, 423.37, 423.38, 423.39, 423.40,
17 423.41, and 423.42 apply to the sponsors. For
18 purposes of this subsection, a person sponsoring a
19 flea market or a craft, antique, coin, or stamp show
20 or similar event does not include an organization
21 which sponsors an event ~~less than three times a year~~
22 determined to qualify as an event involving casual
23 sales pursuant to section 423.3, subsection 39, or the
24 state fair or a fair as defined in section 174.1.
25 Sec. 51. Section 423.37, subsection 2, Code 2005,
26 is amended to read as follows:
27 2. If a return required by this subchapter is not
28 filed, or if a return when filed is incorrect or
29 insufficient and the maker fails to file a corrected
30 or sufficient return within twenty days after the same
31 is required by notice from the department, the
32 department shall determine the amount of tax due from
33 information as the department may be able to obtain
34 and, if necessary, may estimate the tax on the basis
35 of external indices, such as number of employees of
36 the person concerned, rentals paid by the person,
37 stock on hand, or other factors. The determination
38 may be made using any generally recognized valid and
39 reliable sampling technique, whether or not the person
40 being audited has complete records, as mutually agreed
41 upon by the department and the taxpayer. The
42 department shall give notice of the determination to
43 the person liable for the tax. The determination
44 shall fix the tax unless the person against whom it is
45 assessed shall, within sixty days after the giving of
46 notice of the determination, apply to the director for
47 a hearing or unless the taxpayer contests the
48 determination by paying the tax, interest, and penalty
49 and timely filing a claim for refund. At the hearing,
50 evidence may be offered to support the determination

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1 or to prove that it is incorrect. After the hearing
2 the director shall give notice of the decision to the
3 person liable for the tax.
4 Sec. 52. Section 425.11, subsection 4, Code
5 Supplement 2005, is amended to read as follows:
6 4. The word "owner" shall mean the person who
7 holds the fee simple title to the homestead, and in
8 addition shall mean the person occupying as a
9 surviving spouse or the person occupying under a
10 contract of purchase which contract has been recorded
11 in the office of the county recorder of the county in
12 which the property is located; or the person
13 occupying the homestead under devise or by operation
14 of the inheritance laws where the whole interest
15 passes or where the divided interest is shared only by
16 persons related or formerly related to each other by
17 blood, marriage or adoption; or the person occupying
18 the homestead is a shareholder of a family farm
19 corporation that owns the property; or the person
20 occupying the homestead under a deed which conveys a
21 divided interest where the divided interest is shared
22 only by persons related or formerly related to each
23 other by blood, marriage or adoption; or where the
24 person occupying the homestead holds a life estate
25 with the reversion interest held by a nonprofit
26 corporation organized under chapter 504, provided that
27 the holder of the life estate is liable for and pays
28 property tax on the homestead; or where the person
29 occupying the homestead holds an interest in a
30 horizontal property regime under chapter 499B,
31 regardless of whether the underlying land committed to
32 the horizontal property regime is in fee or as a
33 leasehold interest, provided that the holder of the
34 interest in the horizontal property regime is liable
35 for and pays property tax on the homestead; or where
36 the person occupying the homestead is a member of a
37 community land trust as defined in 42 U.S.C. § 12773,
38 regardless of whether the underlying land is in fee or
39 as a leasehold interest, provided that the member of
40 the community land trust is occupying the homestead
41 and is liable for and pays property tax on the
42 homestead. For the purpose of this chapter the word
43 "owner" shall be construed to mean a bona fide owner
44 and not one for the purpose only of availing the
45 person of the benefits of this chapter. In order to
46 qualify for the homestead tax credit, evidence of
47 ownership shall be on file in the office of the clerk
48 of the district court or recorded in the office of the
49 county recorder at the time the owner files with the
50 assessor a verified statement of the homestead claimed

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1 by the owner as provided in section 425.2.
2 Sec. 53. Section 427.1, subsection 2, Code
3 Supplement 2005, is amended to read as follows:
4 2. MUNICIPAL AND MILITARY PROPERTY. The property
5 of a county, township, city, school corporation, levee
6 district, drainage district, or the Iowa national
7 guard, when devoted to public use and not held for
8 pecuniary profit, except property of a municipally
9 owned electric utility held under joint ownership and
10 property of an electric power facility financed under
11 chapter 28F or 476A that shall be subject to taxation
12 under chapter 437A and facilities of a municipal
13 utility that are used for the provision of local
14 exchange services pursuant to chapter 476, but only to
15 the extent such facilities are used to provide such
16 services, which shall be subject to taxation under
17 chapter 433, except that section 433.11 shall not
18 apply. The exemption for property owned by a city or
19 county also applies to property which is operated by a
20 city or county as a library, art gallery or museum,
21 conservatory, botanical garden or display, observatory
22 or science museum, or as a location for holding
23 athletic contests, sports or entertainment events,
24 expositions, meetings or conventions, or leased from
25 the city or county for any such purposes, or leased
26 from the city or county by the Iowa national guard or
27 by a federal agency for the benefit of the Iowa
28 national guard when devoted for public use and not for
29 pecuniary profit. Food and beverages may be served at
30 the events or locations without affecting the
31 exemptions, provided the city has approved the serving
32 of food and beverages on the property if the property
33 is owned by the city or the county has approved the
34 serving of food and beverages on the property if the
35 property is owned by the county. The exemption for
36 property owned by a city or county also applies to
37 property which is located at an airport and leased to
38 a fixed base operator providing aeronautical services
39 to the public.
40 Sec. 54. Section 427.1, subsection 21A, Code
41 Supplement 2005, is amended to read as follows:
42 21A. DWELLING UNIT PROPERTY OWNED BY NONPROFIT
43 ORGANIZATIONS. Dwelling unit property owned and
44 managed by a nonprofit organization if the nonprofit
45 organization owns and manages more than forty dwelling
46 units that are located in a city with a population of
47 more than one hundred ten thousand which has a public
48 housing authority that does not own or manage housing
49 stock for the purpose of low-rent housing. For the
50 2005 and 2006 assessment years, an application is not

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1 required to be filed to receive the exemption. For
2 the 2007 and subsequent assessment years, an
3 application for exemption must be filed with the
4 assessing authority not later than February 1 of the
5 assessment year for which the exemption is sought.
6 Upon the filing and allowance of the claim, the claim
7 shall be allowed on the property for successive years
8 without further filing as long as the property
9 continues to qualify for the exemption.

10 Sec. 55. Section 427A.1, Code 2005, is amended by
11 adding the following new subsection:

12 NEW SUBSECTION. 5A. Notwithstanding the other
13 provisions of this section, property that is equipment
14 used for the washing, waxing, drying, or vacuuming of
15 motor vehicles and point-of-sale equipment necessary
16 for the purchase of car wash services shall not be
17 assessed and taxed as real property.

18 Sec. 56. Section 432.12C, Code 2005, is amended to
19 read as follows:

20 432.12C INVESTMENT TAX CREDITS.

21 1. The tax imposed under this chapter shall be
22 reduced by an investment tax credit authorized
23 pursuant to section 15E.43 for an investment in a
24 qualifying business or a community-based seed capital
25 fund.

26 2. The taxes imposed under this division shall be
27 reduced by investment tax credits authorized pursuant
28 to sections 15.333A and 15E.193B, subsection 6.

29 Sec. 57. NEW SECTION. 432.12H TAX CREDIT FOR
30 CERTAIN SALES TAXES PAID BY THIRD-PARTY DEVELOPERS.

31 The taxes imposed under this chapter shall be
32 reduced by a tax credit authorized pursuant to section
33 15.331C for certain sales taxes paid by a third-party
34 developer.

35 Sec. 58. NEW SECTION. 432.12I IOWA FUND OF FUNDS
36 TAX CREDIT.

37 The taxes imposed under this chapter shall be
38 reduced by a tax credit authorized pursuant to section
39 15E.66, if redeemed, for investments in the Iowa fund
40 of funds.

41 Sec. 59. Section 441.38, subsection 2, Code
42 Supplement 2005, is amended to read as follows:

43 2. Notice If the appeal to district court is taken
44 from the action of the local board of review, notice
45 of appeal shall be served as an original notice on the
46 chairperson, presiding officer, or clerk of the board
47 of review within twenty days after its adjournment or
48 May 31, whichever is later, and after the filing of
49 notice under subsection 1 with the clerk of district
50 court. If the appeal to district court is taken from

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1 the action of the property assessment appeal board,
2 notice of appeal shall be served as an original notice
3 on the secretary of the property assessment appeal
4 board, if applicable after the filing of notice under
5 subsection 1 with the clerk of district court.

6 Sec. 60. Section 533.24, Code Supplement 2005, is
7 amended by adding the following new subsections:

8 NEW SUBSECTION. 8. The moneys and credits tax
9 imposed under this section shall be reduced by an
10 investment tax credit authorized pursuant to section
11 15.333.

12 NEW SUBSECTION. 9. The moneys and credits tax
13 imposed under this section shall be reduced by a tax
14 credit authorized pursuant to section 15.331C for
15 certain sales taxes paid by a third-party developer.

16 NEW SUBSECTION. 10. The moneys and credits tax
17 imposed under this section shall be reduced by a tax
18 credit authorized pursuant to section 15E.66, if
19 redeemed, for investments in the Iowa fund of funds.

20 Sec. 61. 2005 Iowa Acts, chapter 140, section 72,
21 is amended to read as follows:

22 SEC. 72. REFUNDS. Refunds of taxes, interest, or
23 penalties which arise from claims resulting from the
24 amendment to section 423.3, subsection 5, in this
25 division of this Act, for the sale of agricultural
26 drain tile materials occurring between January 1,
27 1998, and the effective date of the section amending
28 section 423.3, subsection 5, in this division of this
29 Act, shall be limited to ~~twenty-five~~ fifty thousand
30 dollars in the aggregate and shall not be allowed
31 unless refund claims are filed prior to October 1,
32 2005, notwithstanding any other provision of law. If
33 the amount of claims totals more than ~~twenty-five~~
34 fifty thousand dollars in the aggregate, the
35 department of revenue shall prorate the ~~twenty-five~~
36 fifty thousand dollars among all claimants in relation
37 to the amounts of the claimants' valid claims.

38 Sec. 62. 2005 Iowa Acts, chapter 179, section 100,
39 is amended to read as follows:

40 SEC. 100. COUNTY REAL ESTATE ELECTRONIC GOVERNMENT
41 ADVISORY COMMITTEE.

42 1. A county real estate electronic government
43 advisory committee is created. ~~Staffing services for~~
44 ~~the advisory committee shall be provided by the~~
45 ~~auditor of state.~~ The advisory committee membership
46 shall consist of the following:

47 a. Two members selected by the Iowa state
48 association of county auditors.

49 b. Two members selected by the Iowa state county
50 treasurers association.

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1 c. Two members selected by the Iowa county
2 recorders association.

3 d. Two members selected by the Iowa state
4 association of assessors.

5 e. One member selected by each of the following
6 organizations:

7 (1) Iowa state association of counties.

8 (2) Iowa land title association.

9 (3) Iowa bankers association.

10 (4) Iowa credit union league.

11 (5) Iowa state bar association.

12 (6) Iowa association of realtors.

13 2. The county real estate electronic government
14 advisory committee shall facilitate discussion to
15 integrate the county land record information system
16 ~~created pursuant to section 331.605C~~ with the
17 electronic government internet applications of county
18 treasurers, county recorders, county auditors, and
19 county assessors. The advisory committee shall file
20 an updated integration plan with the governor and the
21 general assembly on or before November 1, ~~2005~~ 2006.

22 Sec. 63. 2005 Iowa Acts, chapter 179, section 101,
23 subsection 3, is repealed.

24 Sec. 64. EFFECTIVE AND APPLICABILITY DATES.

25 1. The sections of this division of this Act
26 amending sections 368.7 and 368.11, being deemed of
27 immediate importance, take effect upon enactment and
28 apply to annexation applications submitted to a city
29 council and petitions for involuntary annexation filed
30 with the city development board on or after the date
31 of enactment.

32 2. The section of this division of this Act
33 amending section 425.11, being deemed of immediate
34 importance, takes effect upon enactment and applies to
35 taxes due and payable in fiscal years beginning on or
36 after July 1, 2006.

37 3. The section of this division of this Act
38 enacting section 427A.1, subsection 5A, being deemed
39 of immediate importance, takes effect upon enactment
40 and applies retroactively to January 1, 2006, for
41 assessment years beginning on or after that date.

42 4. The section of this division of this Act
43 amending 2005 Iowa Acts, chapter 140, section 72,
44 being deemed of immediate importance, takes effect
45 upon enactment and applies retroactively to June 30,
46 2005.

47 DIVISION II

48 STREAMLINED SALES AND USE TAX UPDATES

49 Sec. 65. Section 423.2, subsection 8, Code
50 Supplement 2005, is amended by striking the subsection

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1 and inserting in lieu thereof the following:

2 8. a. A tax of five percent is imposed on the
3 sales price from sales of bundled transactions. For
4 the purposes of this subsection, a "bundled
5 transaction" is the retail sale of two or more
6 distinct and identifiable products, except real
7 property and services to real property, which are sold
8 for one nonitemized price. A "bundled transaction"
9 does not include the sale of any products in which the
10 sales price varies, or is negotiable, based on the
11 selection by the purchaser of the products included in
12 the transaction.

13 b. "Distinct and identifiable products" does not
14 include any of the following:

15 (1) Packaging or other materials that accompany
16 the retail sale of the products and are incidental or
17 immaterial to the retail sale of the products.

18 (2) A product provided free of charge with the
19 required purchase of another product. A product is
20 "provided free of charge" if the sales price of the
21 product purchased does not vary depending on the
22 inclusion of the product which is provided free of
23 charge.

24 (3) Items included in the definition of "sales
25 price" pursuant to section 423.1.

26 c. "One nonitemized price" does not include a
27 price that is separately identified by product on
28 binding sales or other supporting sales-related
29 documentation made available to the customer in paper
30 or electronic form.

31 Sec. 66. Section 423.18, Code Supplement 2005, is
32 amended by striking the section and inserting in lieu
33 thereof the following:

34 423.18 MULTIPLE POINTS OF USE.

35 1. Notwithstanding the provisions of section
36 423.15, a business purchaser that is not a holder of a
37 direct pay permit that knows at the time of purchase
38 of a digital good, computer software, or a service
39 that the digital good, computer software, or service
40 will be concurrently available for use in more than
41 one jurisdiction shall deliver to the seller in
42 conjunction with its purchase an exemption certificate
43 claiming multiple points of use or meet the
44 requirements of subsection 2 or 3. For the purpose of
45 this section only, "computer software" includes but is
46 not limited to computer software delivered
47 electronically, by load and leave, or in tangible
48 form. "Computer software" does not include computer
49 software received in person by a business purchaser at
50 a business location of the seller.

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- 1 a. Upon receipt of an exemption certificate
2 claiming multiple points of use, the seller is
3 relieved of all obligation to collect, pay, or remit
4 the applicable tax, and the purchaser shall be
5 obligated to collect, pay, or remit the applicable tax
6 on a direct pay basis.
- 7 b. A purchaser delivering an exemption certificate
8 claiming multiple points of use may use any
9 reasonable, but consistent and uniform, method of
10 apportionment that is supported by the purchaser's
11 business books and records as they exist at the time
12 the transaction is reported for sales or use tax
13 purposes.
- 14 c. A purchaser delivering an exemption certificate
15 claiming multiple points of use shall report and pay
16 the appropriate tax to each jurisdiction where
17 concurrent use occurs. The tax due shall be
18 calculated as if the apportioned amount of the digital
19 good, computer software, or service had been delivered
20 to each jurisdiction to which the sale is apportioned
21 pursuant to paragraph "b".
- 22 d. The exemption certificate claiming multiple
23 points of use shall remain in effect for all future
24 sales by the seller to the purchaser, except as to the
25 subsequent sale's specific apportionment that is
26 governed by the principles of paragraphs "b" and "c",
27 until the exemption certificate is revoked in writing.
- 28 2. Notwithstanding subsection 1, when the seller
29 knows that the product will be concurrently available
30 for use in more than one jurisdiction, but the
31 purchaser does not provide an exemption certificate
32 claiming multiple points of use as required in
33 subsection 1, the seller may work with the purchaser
34 to produce the correct apportionment. The purchaser
35 and seller may use any reasonable, but consistent and
36 uniform, method of apportionment that is supported by
37 the seller's and purchaser's business books and
38 records as they exist at the time the transaction is
39 reported for sales or use tax purposes. If the
40 purchaser certifies the accuracy of the apportionment
41 and the seller accepts the certification, the seller
42 shall collect and remit the tax pursuant to subsection
43 1, paragraph "c". In the absence of bad faith, the
44 seller is relieved of any further obligation to
45 collect tax on any transaction where the seller has
46 collected tax pursuant to the information certified by
47 the purchaser.
- 48 3. When the seller knows that the product will be
49 concurrently available for use in more than one
50 jurisdiction and the purchaser does not have a direct

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1 pay permit and does not provide the seller with an
2 exemption certificate claiming a multiple points of
3 use exemption as required in subsection 1, or
4 certification pursuant to subsection 2, the seller
5 shall collect and remit the tax based on the
6 provisions of section 423.15.

7 4. A holder of a direct pay permit shall not be
8 required to deliver an exemption certificate claiming
9 multiple points of use to the seller. A direct pay
10 permit holder shall follow the provisions of
11 subsection 1, paragraphs "b" and "c", in apportioning
12 the tax due on a digital good, computer software, or a
13 service that will be concurrently available for use in
14 more than one jurisdiction.

15 5. Nothing in this section shall limit a person's
16 obligation for sales or use tax to this state in which
17 the qualifying purchases are concurrently available
18 for use, or limit a person's ability under local,
19 state, federal, or constitutional law, to claim a
20 credit for sales or use taxes legally due and paid to
21 other jurisdictions.

22 Sec. 67. Section 423.20, subsection 1, paragraph
23 j, Code 2005, is amended to read as follows:

24 j. "Postpaid calling service" means the
25 telecommunications service obtained by making a
26 payment on a call-by-call basis either through the use
27 of a credit card or payment mechanism such as a bank
28 card, travel card, credit card, or debit card, or by
29 charge made to a telephone number which is not
30 associated with the origination or termination of the
31 telecommunications service. A "postpaid calling
32 service" includes a telecommunications service, except
33 a prepaid wireless calling service, that would be a
34 prepaid calling service except it is not exclusively a
35 telecommunications service.

36 Sec. 68. Section 423.20, subsection 1, Code 2005,
37 is amended by adding the following new paragraph after
38 paragraph k, and relettering the remaining paragraphs:

39 NEW PARAGRAPH. 1. "Prepaid wireless calling
40 service" means a telecommunications service that
41 provides the right to utilize mobile wireless service
42 as well as other nontelecommunications services,
43 including the download of digital products delivered
44 electronically, content and ancillary services, which
45 must be paid for in advance and that is sold in
46 predetermined units or dollars of which the amount
47 declines with use in a known amount.

48 Sec. 69. Section 423.20, subsection 2, paragraph
49 c, subparagraphs (1) and (3), Code 2005, are amended
50 to read as follows:

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1 (1) A sale of mobile telecommunications services
2 other than air-to-ground radiotelephone service, ~~or~~
3 prepaid calling service, or prepaid wireless calling
4 service is sourced to the customer's place of primary
5 use as required by the federal Mobile
6 Telecommunications Sourcing Act.

7 (3) A sale of prepaid calling service or a sale of
8 prepaid wireless calling service is sourced in
9 accordance with section 423.15. However, in the case
10 of a sale of ~~mobile telecommunications services that~~
11 ~~is a prepaid telecommunications a prepaid wireless~~
12 calling service, the rule provided in section 423.15,
13 subsection 1, paragraph "e", shall include as an
14 option the location associated with the mobile
15 telephone number.

16 Sec. 70. Section 423.45, subsection 4, paragraph
17 b, Code 2005, is amended to read as follows:

18 b. The sales tax liability for all sales of
19 tangible personal property and all sales of services
20 is upon the seller and the purchaser unless the seller
21 takes ~~in good faith~~ from the purchaser a valid
22 exemption certificate stating under penalty of perjury
23 that the purchase is for a nontaxable purpose and is
24 not a retail sale as defined in section 423.1, or the
25 seller is not obligated to collect tax due, or unless
26 the seller takes a fuel exemption certificate pursuant
27 to subsection 5. If the tangible personal property or
28 services are purchased tax free pursuant to a valid
29 exemption certificate ~~which is taken in good faith by~~
30 ~~the seller~~, and the tangible personal property or
31 services are used or disposed of by the purchaser in a
32 nonexempt manner, the purchaser is solely liable for
33 the taxes and shall remit the taxes directly to the
34 department and sections 423.31, 423.32, 423.37,
35 423.38, 423.39, 423.40, 423.41, and 423.42 shall apply
36 to the purchaser.

37 Sec. 71. Section 423.45, subsection 4, paragraph
38 d, Code 2005, is amended by striking the paragraph and
39 inserting in lieu thereof the following:

40 d. The protection afforded a seller by paragraph
41 "b" does not apply to a seller who fraudulently fails
42 to collect tax or to a seller who solicits purchasers
43 to participate in the unlawful claim of an exemption.

44 Sec. 72. Section 423.51, subsection 2, Code 2005,
45 is amended to read as follows:

46 2. Sellers that follow the requirements of this
47 section are relieved from any tax otherwise applicable
48 if it is determined that the purchaser improperly
49 claimed an exemption and that the purchaser is liable
50 for the nonpayment of tax. This relief from liability

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1 does not apply to a seller who ~~fraudulently~~ does any
2 of the following:

3 a. Fraudulently fails to collect the tax or
4 solicits tax.

5 b. Solicits purchasers to participate in the
6 unlawful claim of an exemption.

7 c. Accepts an exemption certificate when the
8 purchaser claims an entity-based exemption when the
9 following conditions are met:

10 (1) The subject of the transaction sought to be
11 covered by the exemption certificate is actually
12 received by the purchaser at a location operated by
13 the seller.

14 (2) The state provides an exemption certificate
15 that clearly and affirmatively indicates that the
16 claimed exemption is not available in the state.

17 d. Accepts an exemption certificate claiming
18 multiple points of use for tangible personal property
19 other than computer software for which an exemption
20 claiming multiple points of use is acceptable under
21 section 423.18.

22 Sec. 73. Section 423.51, Code 2005, is amended by
23 adding the following new subsections:

24 NEW SUBSECTION. 3. a. A seller otherwise
25 obligated to collect tax from a purchaser is relieved
26 of that obligation if the seller obtains a fully
27 completed exemption certificate or secures the
28 relevant data elements of a fully completed exemption
29 certificate within ninety days after the date of sale.

30 b. If the seller has not obtained an exemption
31 certificate or all relevant data elements as provided
32 in paragraph "a", the seller may, within one hundred
33 twenty days after a request for substantiation by the
34 department, either prove that the transaction was not
35 subject to tax by other means or obtain a fully
36 completed exemption certificate from the purchaser,
37 taken in good faith.

38 c. Nothing in this subsection shall affect the
39 ability of the state to require purchasers to update
40 exemption certificate information or to reapply with
41 the state to claim certain exemptions.

42 d. Notwithstanding paragraphs "a", "b", and "c", a
43 seller is relieved of its obligation to collect tax
44 from a purchaser if the seller obtains a blanket
45 exemption certificate from the purchaser, and the
46 seller and purchaser have a recurring business
47 relationship. For the purposes of this paragraph, a
48 recurring business relationship exists when a period
49 of no more than twelve months elapses between sales
50 transactions. The department may not request from the

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1 seller renewal of blanket certificates or updates of
2 exemption certificate information or data elements
3 when there is a recurring business relationship
4 between the purchaser and seller.

5 NEW SUBSECTION. 4. All relief that this section
6 provides to sellers is also provided to certified
7 service providers under this chapter.

8 Sec. 74. Section 423.52, Code 2005, is amended to
9 read as follows:

10 423.52 RELIEF FROM LIABILITY FOR SELLERS AND
11 CERTIFIED SERVICE PROVIDERS.

12 1. Sellers and certified service providers using
13 databases derived from zip codes or state or vendor
14 provided address-based databases are relieved from
15 liability to this state or its local taxing
16 jurisdictions for having charged and collected the
17 incorrect amount of sales or use tax resulting from
18 the seller or certified service provider relying on
19 erroneous data provided by this state on tax rates,
20 boundaries, or taxing jurisdiction assignments. If
21 this state provides an address-based system for
22 assigning taxing jurisdictions ~~whether or not pursuant~~
23 to the federal Mobile Telecommunications Sourcing Act,
24 the director is not required to provide liability
25 relief for errors resulting from reliance on the
26 information provided by this state if the director has
27 given adequate notice, as determined by the governing
28 board, to affected parties of the decision to end this
29 relief.

30 2. a. Model 2 sellers and certified service
31 providers are relieved of liability to Iowa for any
32 failure to charge and collect the correct amount of
33 sales or use tax if this failure results from the
34 model 2 seller's or the certified service provider's
35 reliance upon this state's certification to the
36 governing board that Iowa has accepted the governing
37 board's certification of a piece of software as a
38 certified automated system. The relief provided by
39 this paragraph to a model 2 seller or certified
40 service provider does not extend to a seller or
41 provider who has incorrectly classified an item or
42 transaction into the product-based exemptions portion
43 of a certified automated system. However, any model 2
44 seller or certified service provider who has relied
45 upon an individual listing of items or transactions
46 within a product definition approved by the governing
47 board or Iowa may claim the relief allowed by this
48 paragraph.

49 b. If the department determines that an item or
50 transaction is incorrectly classified as to its

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1 taxability, the department shall notify the model 2
2 seller or certified service provider of the incorrect
3 classification. The model 2 seller or certified
4 service provider shall have ten days to revise the
5 classification after receipt of notice of the
6 determination. Upon expiration of the ten days, the
7 model 2 seller or certified service provider shall be
8 liable for the failure to collect the correct amount
9 of sales or use taxes due and owing to the member
10 state.

11 Sec. 75. EFFECTIVE DATES.

12 1. Except as provided in subsection 2, this
13 division of this Act takes effect January 1, 2008.

14 2. The sections of this division of this Act
15 amending section 423.45, subsection 4, being deemed of
16 immediate importance, take effect upon enactment."

17 2. Title page, line 4, by striking the words
18 "local option sales,".

Frevert of Palo Alto asked and received unanimous consent to withdraw amendment [H-8594](#) filed by her from the floor.

Paulsen of Linn offered the following amendment [H-8581](#), to amendment [H-8566](#), filed by him and moved its adoption:

[H-8581](#)

1 Amend the amendment, [H-8566](#), to [House File 2794](#) as
2 follows:

3 1. By striking page 4, line 17, through page 5,
4 line 3, and inserting the following:

5 "Sec. __. Section 368.11, subsection 3, paragraph
6 m, Code Supplement 2005, is amended to read as
7 follows:

8 m. In the discretion of a city council, a
9 provision for a transition for the imposition of city
10 taxes against property within an annexation area. The
11 provision shall allow for an exemption from taxation
12 of the following percentages of assessed valuation
13 according to the following schedule:

14 (1) For the first and second years, seventy-five
15 percent.

16 (2) For the third and fourth years, sixty percent.

17 (3) For the fifth and sixth years, forty-five
18 percent.

19 (4) For the seventh and eighth years, thirty

20 percent.
21 (5) For the ninth and tenth years, fifteen
22 percent.
23 An alternative schedule may be adopted by the city
24 council. However, an alternative schedule shall not
25 allow a greater exemption than that provided in this
26 paragraph. The exemption shall be applied in the levy
27 and collection of taxes. The provision may also allow
28 for the partial provision of city services during the
29 time in which the exemption from taxation is in
30 effect. If the city council provides for a transition
31 for the imposition of city taxes against property in
32 an annexation area, all property owners included in
33 the annexation area must receive the transition upon
34 completion of the annexation.
35 2. Page 24, by striking lines 25 through 31.

Amendment [H-8581](#) was adopted.

Hogg of Linn asked and received unanimous consent to withdraw amendment [H-8578](#) to amendment [H-8566](#) filed by him on April 25, 2006.

Hogg of Linn offered the following amendment [H-8582](#), to amendment [H-8566](#), filed by him and moved its adoption:

[H-8582](#)

1 Amend the amendment, [H-8566](#), to [House File 2794](#), as
2 follows:
3 1. Page 10, line 44, by inserting after the words
4 "development expenses" the following: "for the tax
5 year beginning in the 2006 calendar year only".
6 2. Page 11, by inserting after line 6 the
7 following:
8 "Sec. __. Section 422.12C, subsection 2,
9 paragraph b, Code Supplement 2005, is amended by
10 striking the paragraph."
11 3. Page 24, by inserting after line 31 the
12 following:
13 " __. The sections of this division of this Act
14 amending section 422.12C, subsection 2, apply
15 retroactively to January 1, 2006, for tax years
16 beginning on or after that date."

Amendment [H-8582](#) was adopted.

J.K. Van Fossen of Scott offered the following amendment [H-8573](#), to amendment [H-8566](#), filed by him and moved its adoption:

[H-8573](#)

1 Amend the amendment, [H-8566](#), to [House File 2794](#), as
2 follows:
3 1. Page 18, line 33, by inserting after the words
4 "taxpayers association" the following: ", Iowa retail
5 federation,".

Amendment [H-8573](#) was adopted.

Jacobs of Polk offered the following amendment [H-8574](#), to amendment [H-8566](#), filed by her and Boal of Polk and moved its adoption:

[H-8574](#)

1 Amend the amendment, H-8566, to [House File 2794](#) as
2 follows:
3 1. Page 20, by inserting after line 3 the
4 following:
5 "Sec.____. Section 423B.1, subsection 3, Code
6 2005, is amended to read as follows:
7 3. A local option tax shall be imposed only after
8 an election at which a majority of those voting on the
9 question favors imposition and shall then be imposed
10 until repealed as provided in subsection 6, paragraph
11 "a". If the tax is a local vehicle tax imposed by a
12 county, it shall apply to all incorporated and
13 unincorporated areas of the county. If the tax is a
14 local sales and services tax imposed by a county, it
15 shall only apply to those incorporated areas and the
16 unincorporated area of that county in which a majority
17 of those voting in the area on the tax favors its
18 imposition. For purposes of the local sales and
19 services tax, all cities contiguous to each other
20 shall be treated as part of one incorporated area and
21 the tax would be imposed in each of those contiguous
22 cities only if the majority of those voting in the
23 total area covered by the contiguous cities favors its
24 imposition. In the case of a local sales and services
25 tax submitted to the registered voters of two or more
26 contiguous counties as provided in subsection 4,
27 paragraph "c", all cities contiguous to each other
28 shall be treated as part of one incorporated area,
29 even if the corporate boundaries of one or more of the
30 cities include areas of more than one county, and the

31 tax shall be imposed in each of those contiguous
32 cities only if a majority of those voting on the tax
33 in the total area covered by the contiguous cities
34 avored its imposition. For purposes of the local
35 sales and services tax, a city is not contiguous to
36 another city if the only road access between the two
37 cities is through another state.
38 Sec.____. Section 423B.1, subsection 4, Code 2005,
39 is amended by adding the following new paragraph:
40 NEW PARAGRAPH. c. Upon receipt of petitions or
41 motions calling for the submission of the question of
42 the imposition of a local sales and services tax as
43 described in paragraph "a" or "b", the boards of
44 supervisors of two or more contiguous counties in
45 which the question is to be submitted may enter into a
46 joint agreement providing that for purposes of this
47 chapter, a city whose corporate boundaries include
48 areas of more than one county shall be treated as part
49 of the county in which a majority of the residents of
50 the city reside. In such event, the county

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1 commissioners of elections from each such county shall
2 cooperate in the selection of a single date upon which
3 the election shall be held, and for all purposes of
4 this chapter relating to the imposition, repeal,
5 change of use, or collection of the tax, such a city
6 shall be deemed to be part of the county in which a
7 majority of the residents of the city reside. A copy
8 of the joint agreement shall be provided promptly to
9 the director of revenue.
10 Sec.____. Section 423B.1, subsection 6, paragraph
11 a, Code 2005, is amended to read as follows:
12 a. If a majority of those voting on the question
13 of imposition of a local option tax favors imposition
14 of a local option tax, the governing body of that
15 county shall impose the tax at the rate specified for
16 an unlimited period. However, in the case of a local
17 sales and services tax, the county shall not impose
18 the tax in any incorporated area or the unincorporated
19 area if the majority of those voting on the tax in
20 that area did not favor its imposition. For purposes
21 of the local sales and services tax, all cities
22 contiguous to each other shall be treated as part of
23 one incorporated area and the tax shall be imposed in
24 each of those contiguous cities only if the majority
25 of those voting on the tax in the total area covered
26 by the contiguous cities favored its imposition. In
27 the case of a local sales and services tax submitted
28 to the registered voters of two or more contiguous
29 counties as provided in subsection 4, paragraph "c".

30 all cities contiguous to each other shall be treated
31 as part of one incorporated area, even if the
32 corporate boundaries of one or more of the cities
33 include areas of more than one county, and the tax
34 shall be imposed in each of those contiguous cities
35 only if a majority of those voting on the tax in the
36 total area covered by the contiguous cities favored
37 its imposition.
38 PARAGRAPH DIVIDED. The local option tax may be
39 repealed or the rate increased or decreased or the use
40 thereof changed after an election at which a majority
41 of those voting on the question of repeal or rate or
42 use change favored the repeal or rate or use change.
43 The date on which the repeal, rate, or use change is
44 to take effect shall not be earlier than ninety days
45 following the election. The election at which the
46 question of repeal or rate or use change is offered
47 shall be called and held in the same manner and under
48 the same conditions as provided in subsections 4 and 5
49 for the election on the imposition of the local option
50 tax. However, in the case of a local sales and

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1 services tax where the tax has not been imposed
2 countywide, the question of repeal or imposition or
3 rate or use change shall be voted on only by the
4 registered voters of the areas of the county where the
5 tax has been imposed or has not been imposed, as
6 appropriate. However, the governing body of the
7 incorporated area or unincorporated area where the
8 local sales and services tax is imposed may, upon its
9 own motion, request the county commissioner of
10 elections to hold an election in the incorporated or
11 unincorporated area, as appropriate, on the question
12 of the change in use of local sales and services tax
13 revenues. The election may be held at any time but
14 not sooner than sixty days following publication of
15 the ballot proposition. If a majority of those voting
16 in the incorporated or unincorporated area on the
17 change in use favors the change, the governing body of
18 that area shall change the use to which the revenues
19 shall be used. The ballot proposition shall list the
20 present use of the revenues, the proposed use, and the
21 date after which revenues received will be used for
22 the new use.
23 When submitting the question of the imposition of a
24 local sales and services tax, the county board of
25 supervisors may direct that the question contain a
26 provision for the repeal, without election, of the
27 local sales and services tax on a specific date, which
28 date shall be as provided in section 423B.6,

29 subsection 1.

30 Sec.____. Section 423B.5, unnumbered paragraph 1,
31 Code Supplement 2005, is amended to read as follows:
32 A local sales and services tax at the rate of not
33 more than one percent may be imposed by a county on
34 the sales price taxed by the state under chapter 423,
35 subchapter II. A local sales and services tax shall
36 be imposed on the same basis as the state sales and
37 services tax or in the case of the use of natural gas,
38 natural gas service, electricity, or electric service
39 on the same basis as the state use tax and shall not
40 be imposed on the sale of any property or on any
41 service not taxed by the state, except the tax shall
42 not be imposed on the sales price from the sale of
43 motor fuel or special fuel as defined in chapter 452A
44 which is consumed for highway use or in watercraft or
45 aircraft if the fuel tax is paid on the transaction
46 and a refund has not or will not be allowed, on the
47 sales price from the sale of equipment by the state
48 department of transportation, and except the tax shall
49 not be imposed on the sales price from the sale or use
50 of natural gas, natural gas service, electricity, or

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1 electric service in a city or county where the sales
2 price from the sale of natural gas or electric energy
3 is subject to a franchise fee or user fee during the
4 period the franchise or user fee is imposed. A local
5 sales and services tax is applicable to transactions
6 within those incorporated and unincorporated areas of
7 the county where it is imposed and shall be collected
8 by all persons required to collect state sales taxes.
9 All cities contiguous to each other shall be treated
10 as part of one incorporated area and the tax would be
11 imposed in each of those contiguous cities only if the
12 majority of those voting in the total area covered by
13 the contiguous cities favors its imposition. In the
14 case of a local sales and services tax submitted to
15 the registered voters of two or more contiguous
16 counties as provided in section 423B.1, subsection 4,
17 paragraph "c", all cities contiguous to each other
18 shall be treated as part of one incorporated area,
19 even if the corporate boundaries of one or more of the
20 cities include areas of more than one county, and the
21 tax shall be imposed in each of those contiguous
22 cities only if a majority of those voting on the tax
23 in the total area covered by the contiguous cities
24 avored its imposition."

25 2. Page 31, by striking lines 17 and 18.

A non-record roll call was requested.

The ayes were 45, nays 21.

Amendment [H-8574](#) was adopted.

Mertz of Kossuth offered the following amendment [H-8571](#), to amendment [H-8566](#), filed by her and moved its adoption:

[H-8571](#)

1 Amend the amendment, [H-8566](#), to [House File 2794](#) as
2 follows:
3 1. Page 23, by inserting after line 5 the
4 following:
5 "Sec. ____ Section 468.55, Code 2005, is amended
6 to read as follows:
7 468.55 ASSESSMENTS – MATURITY AND COLLECTION.
8 If a landowner selects an option provided in
9 section 468.57, all drainage or levee tax assessments
10 become due and payable with the first half of ordinary
11 taxes, and shall be collected in the same manner with
12 the same interest for delinquency and the same manner
13 of enforcing collection by tax sales. As an
14 alternative, the certifying authority may request that
15 landowner may pay the annual installment be payable in
16 two equal payments, one-half with the September
17 payment of ordinary taxes and one-half payable with
18 the March payment of ordinary taxes. All drainage or
19 levee tax assessments not optioned for installment
20 payments by the landowner shall become due and payable
21 within thirty days after the levy of assessments."

Amendment [H-8571](#) was adopted.

Huser of Polk asked and received unanimous consent to withdraw amendment [H-8579](#) filed by her et al., on April 25, 2006.

J.K. Van Fossen of Scott offered the following amendment [H-8569](#), to amendment [H-8566](#), filed by him and moved its adoption:

[H-8569](#)

1 Amend the amendment, [H-8566](#), to [House File 2794](#) as
2 follows:
3 1. Page 31, line 15, by inserting after the
4 figure "4," the following: "and section 423.52,".

Amendment [H-8569](#) was adopted.

On motion by Kurtenbach of Story, amendment [H-8566](#), as amended, was adopted, placing out of order the following amendments:

Amendment [H-8534](#) filed by Kurtenbach of Story on April 12, 2006.
 Amendment [H-8543](#) filed by Kurtenbach of Story on April 12, 2006.
 Amendment [H-8548](#) filed by Watts of Dallas on April 13, 2006.
 Amendment [H-8549](#) filed by Watts of Dallas on April 13, 2006.
 Amendment [H-8551](#) filed by Mertz of Kossuth on April 17, 2006.
 Amendment [H-8553](#) filed by Watts of Dallas on April 17, 2006.

Kurtenbach of Story 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. 2794](#))

The ayes were, 89:

Alons	Anderson	Arnold	Baudler
Bell	Berry	Boal	Bukta
Chambers	Cohoon	Dandekar	Davitt
De Boef	Dix	Dolecheck	Drake
Eichhorn	Elgin	Foege	Ford
Freeman	Gipp	Granzow	Greiner
Heaton	Heddens	Hoffman	Hogg
Horbach	Hunter	Huseman	Huser
Hutter	Jacobs	Jacoby	Jochum
Kaufmann	Kressig	Kurtenbach	Lalk
Lukan	Lykam	Maddox	Mascher
May	McCarthy	Mertz	Murphy
Oldson	Olson, D.	Olson, R.	Olson, S.
Paulsen	Petersen	Pettengill	Quirk
Raecker	Rants, Spkr.	Rasmussen	Rayhons
Reasoner	Reichert	Roberts	Sands
Schueller	Shomshor	Smith	Soderberg
Struyk	Swaim	Taylor, D.	Taylor, T.
Thomas	Tjepkes	Tomenga	Tymeson
Upmeyer	Van Engelenhoven	Van Fossen, J.K.	Van Fossen, J.R.
Watts	Wendt	Wessel-Kroeschell	Whitaker
Whitead	Wilderdyke	Winckler	Wise
Carroll, Presiding			

The nays were, 5:

Frevert	Gaskill	Kuhn	Schickel
Shultz			

Absent or not voting, 6:

Fallon	Jenkins	Jones	Lensing
Miller	Zirkelbach		

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

IMMEDIATE MESSAGE

Gipp of Winneshiek asked and received unanimous consent that [House File 2794](#) be immediately messaged to the Senate.

SPONSOR ADDED ([House Resolution 174](#))

Davitt of Warren requested to be added as a sponsor of [House Resolution 174](#).

COMMUNICATION RECEIVED

The following communication was received and filed in the office of the Chief Clerk:

DEPARTMENT OF ECONOMIC DEVELOPMENT

Report of activities of the Iowa Commission on Volunteer Service, pursuant to Chapter 15H.2(2), 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

2006\1619 Wilbur Hof, Sioux City – For celebrating his 90th birthday.

2006\1620 Jennie Den Boer, Rock Valley – For celebrating her 90th birthday.

- 2006\1621 Gregory Lammers, Assumption High School, Davenport – For being nominated to the Des Moines Register's Academic All-State Team.
- 2006\1622 Brianna Beminio, Des Moines – For donating 14 inches of her hair to Locks of Love.
- 2006\1623 Ron and Joan Baird, Columbus Junction – For celebrating their 50th wedding anniversary.
- 2006\1624 Grace Van Voorhis, Iowa City – For being selected as a nominee to the Des Moines Register's Academic All-State Team.
- 2006\1625 Allison Smith, Iowa City – For being selected as a nominee to the Des Moines Register's Academic All-State Team.
- 2006\1626 Maxine Wessels, Le Mars – For celebrating her 80th birthday.
- 2006\1627 Beverly and Alfred Kosse, Marcus – For celebrating their 50th wedding anniversary.
- 2006\1628 Dr. Robert Niles, D.C., Le Mars – For receiving the ICS Service Award from the Iowa Chiropractic Society.

HOUSE STUDY BILL COMMITTEE ASSIGNMENTS

H.S.B. 780 Ways and Means

Relating to individual income tax relief by providing for a senior taxpayer income tax exclusion and the phasing out of the income tax on social security benefits and including effective and applicability date provisions.

H.S.B. 781 Ways and Means

Allowing individual income tax credit for contributions made to certain school tuition organizations and including effective and retroactive applicability date provisions.

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 6681YC), relating to state and local finances by providing for tax exemptions, credits, and other tax-related matters, by making, reducing, and transferring appropriations, providing for salaries and compensation of state employees, providing for fees, penalties, and providing for properly related matters and including effective and retroactive applicability date provisions.

Fiscal Note is not required.

Recommended **Amend and Do Pass** May 1, 2006.

COMMITTEE ON WAYS AND MEANS

Senate File 2399, a bill for an act relating to renewable energy including the renewable energy tax credit and the wind energy production tax credit and including an effective date.

Fiscal Note is not required.

Recommended **Amend and Do Pass with Amendment H-8596** May 1, 2006.

Committee Bill (Formerly **House Study Bill 781**), allowing individual income tax credits for contributions made to certain school tuition organizations and including effective and retroactive applicability date provisions.

Fiscal Note is not required.

Recommended **Do Pass** May 1, 2006.

AMENDMENTS FILED

H-8590	H.F.	2769	Ford of Polk
H-8593	S.F.	2272	Boal of Polk
H-8596	S.F.	2399	Committee on Ways and Means

On motion by Gipp of Winneshiek the House adjourned at 7:19 p.m., until 8:45 a.m., Tuesday, May 2, 2006.