



CHESTER J. CULVER  
GOVERNOR

**OFFICE OF THE GOVERNOR**

PATTY JUDGE  
LT. GOVERNOR

May 24, 2007

The Honorable Michael Mauro  
Secretary of State  
State Capitol Building  
LOCAL

Dear Mr. Secretary:

I hereby transmit:

**House File 904**, an Act relating to withholding tax and the repeal of the loan agencies tax.

The above House File is hereby approved this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Chester J. Culyer".

Chester J. Culyer  
Governor

CJC:bdj

cc: Secretary of the Senate  
Chief Clerk of the House





HOUSE FILE 904

AN ACT

RELATING TO WITHHOLDING TAX AND THE REPEAL OF THE LOAN  
AGENCIES TAX.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 331.401, subsection 1, paragraph k,  
Code 2007, is amended to read as follows:

k. Levy taxes as certified to it by tax-certifying bodies  
in the county, in accordance with the statutes authorizing the  
levies and in accordance with chapter 24 and sections 444.1 to  
444.8, and levy taxes as required in chapters ~~430A~~<sub>7</sub>, 433, 434,  
437, and 438.

Sec. 2. Section 331.427, subsection 1, unnumbered  
paragraph 1, Code 2007, is amended to read as follows:

Except as otherwise provided by state law, county revenues  
from taxes and other sources for general county services shall  
be credited to the general fund of the county, including  
revenues received under sections 91.11, 101A.3, 101A.7,  
123.36, 123.143, 142B.6, 176A.8, 321.105, 321.152, 321G.7,  
321I.8, section 331.554, subsection 6, sections 341A.20,  
364.3, 368.21, 423A.7, 428A.8, ~~430A-37~~, 433.15, 434.19, 445.57,  
453A.35, 458A.21, 483A.12, 533.24, 556B.1, 583.6, 602.8108,  
904.908, and 906.17, and the following:

Sec. 3. Section 422.16, subsection 1, unnumbered paragraph  
1, Code 2007, is amended to read as follows:

Every withholding agent and every employer as defined in  
this chapter and further defined in the Internal Revenue Code,  
with respect to income tax collected at source, making payment  
of wages to a nonresident employee working in Iowa, or to a  
resident employee, shall deduct and withhold from the wages an

amount which will approximate the employee's annual tax liability on a calendar year basis, calculated on the basis of tables to be prepared by the department and schedules or percentage rates, based on the wages, to be prescribed by the department. Every employee or other person shall declare to the employer or withholding agent the number of the employee's or other person's personal exemptions and dependency exemptions or credits to be used in applying the tables and schedules or percentage rates. However, no greater number of personal or dependency exemptions or credits may be declared by the employee or other person than the number to which the employee or other person is entitled except as allowed under section sections 3402(m)(1) and 3402(m)(3) of the Internal Revenue Code and as allowed for the child and dependent care credit provided in section 422.12C. The claiming of exemptions or credits in excess of entitlement is a serious misdemeanor.

Sec. 4. Section 441.73, subsection 1, Code 2007, is amended to read as follows:

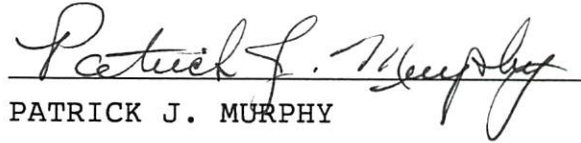
1. A litigation expense fund is created in the state treasury. The litigation expense fund shall be used for the payment of litigation expenses incurred by the state to defend property valuations established by the director of revenue pursuant to section 428.24 and chapters ~~430A~~ 433, 434, 437, 437A, and 438, and for the payment of litigation expenses incurred by the state to defend the imposition of replacement taxes and statewide property taxes under chapter 437A.

Sec. 5. Section 445.3, unnumbered paragraph 2, Code 2007, is amended to read as follows:

The commencement of actions for ad valorem taxes authorized under this section shall not begin until the issuance of a tax sale certificate under the requirements of section 446.19. The commencement of actions for all other taxes authorized under this section shall not begin until ten days after the publication of tax sale under the requirements of section 446.9, subsection 2. This paragraph does not apply to the collection of ad valorem taxes under section 445.32, and grain handling taxes under section 428.357-and-moneys-and-credits taxes-under-chapter-430A.



Sec. 6. Chapter 430A, Code 2007, is repealed.



PATRICK J. MURPHY  
Speaker of the House



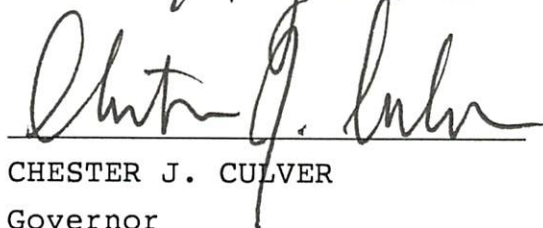
JOHN P. KIBBIE  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 904, Eighty-second General Assembly.



MARK BRANDSGARD  
Chief Clerk of the House

Approved May 24<sup>th</sup>, 2007



CHESTER J. CULVER  
Governor