

The Report Thereon 4/12 Do pass 4/3 (p. 1296)

FILED APR 1 1977

SENATE FILE 314

BY COMMITTEE ON WAYS AND MEANS
Approved 3/31 (p. 908)

Passed Senate, Date 4-5-77 (p. 920) Passed House, Date 4-21-77 (p. 1527)

Vote: Ayes 48 Nays 0 Vote: Ayes 86 Nays 2

Approved May 12, 1977

A BILL FOR

1 An Act relating to the filing and extending of tax liens
2 and the charging off of the underlying delinquent tax
3 accounts.

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

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S.F. 314

1 Section 1. Section four hundred twenty-two point twenty-
2 six (422.26), unnumbered paragraph two (2), Code 1977, is
3 amended to read as follows:

4 The lien aforesaid shall attach at the time the tax becomes
5 due and payable and shall continue ~~until the liability for~~
6 ~~such amount is satisfied~~ for ten years from the time the
7 lien attaches unless sooner released or otherwise discharged.
8 The lien may, within ten years from the date the lien attaches,
9 be extended by filing for record a notice with the appropriate
10 county official of any county and from the time of such filing,
11 the lien shall be extended to the property in such county
12 for ten years, unless sooner released or otherwise discharged,
13 with no limit on the number of extensions. Liens having
14 attached prior to January 1, 1969, will expire on January
15 1, 1979, unless extended by the director of the department
16 of revenue. The director shall charge off any account whose
17 lien is allowed to lapse and may charge off any account and
18 release the corresponding lien before the lien has lapsed
19 if the director determines under uniform rules prescribed
20 by the director that the account is uncollectable or collection
21 costs involved would not warrant collection of the amount
22 due.

23 Sec. 2. This Act is effective January 1, 1978.

24 EXPLANATION

25 This bill provides a ten year statute of limitations for
26 collection purposes on any account and the corresponding lien,
27 with the department having the option of extending for another
28 ten years. Those accounts and the corresponding lien pending
29 after ten years would automatically expire unless the
30 department extended the lien. The bill also provides that
31 the director may charge off any account and release the
32 corresponding lien if it is determined that the account is
33 uncollectable or that collection costs involved would not
34 warrant collection.

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SENATE FILE 314
FISCAL NOTE

Date Prepared: April 1, 1977
Requested by: Senator Rodgers
Prepared in regard to Senate File 314, An Act relating to the filing and extending of tax liens and the charging off of the underlying delinquent tax accounts.

Following is the fiscal effect in dollars of the legislative proposal as required by Joint Rule 16.

S.F. 314 relates to the filing of tax liens and the disposition of uncollectible tax accounts. The bill would provide that a tax lien would automatically expire after ten years unless the lien was extended by the director for an additional ten years. The director is also provided with the authority to charge off, before a lien has lapsed, any accounts the director determines to be uncollectible or for which the collection costs involved would not warrant collection.

Currently, the Department of Revenue is maintaining records on numerous old tax accounts concerning taxpayers who are no longer living, are disabled, or who are of advanced age with little more than retirement income for support. In addition, records of sales tax liens against defunct corporations must be maintained even though under Iowa law, the sales tax cannot be collected from the corporation's officers. Records are also being maintained for other liens even though their legal standing is questionable or the amount due is less than anticipated collection charges.

Department of Revenue records reveal that there is approximately \$5.5 million in taxes due on dormant lien accounts. It is anticipated, based on previous rate of collections, that between \$1 million and \$2 million of this amount will be collected. This proposal would permit the department to charge off the remaining uncollectible accounts when they are determined to be uncollectible or after ten years when it does not appear that the amount can be collected. The charging off of these uncollectible tax accounts would not reduce current state revenues. Furthermore, it is felt that the Department would benefit from a reduction in the costs required to maintain records on such accounts.

Source: Department of Revenue

FILED
APRIL 1, 1977

Gerry Rankin
Legislative Fiscal Director

by the director that the amount is uncollectable or collection costs involved would not warrant collection of the amount due.

Sec. 2. This Act is effective January 1, 1978.

SENATE FILE 314

AN ACT

RELATING TO THE FILING AND EXTENDING OF TAX LIENS AND THE CHARGING OFF OF THE UNDERLYING DELINQUENT TAX ACCOUNTS.

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

Section 1. Section four hundred twenty-two point twenty-six (422.26), unnumbered paragraph two (2), Code 1977, is amended to read as follows:

The lien aforesaid shall attach at the time the tax becomes due and payable and shall continue ~~until the liability for such amount is satisfied~~ for ten years from the time the lien attaches unless sooner released or otherwise discharged. The lien may, within ten years from the date the lien attaches, be extended by filing for record a notice with the appropriate county official of any county and from the time of such filing, the lien shall be extended to the property in such county for ten years, unless sooner released or otherwise discharged, with no limit on the number of extensions. Liens having attached prior to January 1, 1969, will expire on January 1, 1979, unless extended by the director of the department of revenue. The director shall charge off any account whose lien is allowed to lapse and may charge off any account and release the corresponding lien before the lien has lapsed if the director determines under uniform rules prescribed

ARTHUR A. NEDER
President of the Senate

DALE M. COCHRAN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 314, Sixty-seventh General Assembly.

STEVEN C. CROSS
Secretary of the Senate

Approved May 12, 1977

ROBERT D. RAY
Governor