

*Substituted Sup S.F. 2455
4/17/96 (p. 1722)*

FEB 22 1996

WITHDRAWN

HOUSE FILE **2312**

WAYS & MEANS CALENDAR

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 679)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the administration of taxes, electronic filing
2 of tax returns and payments, imposition of the penalty for
3 willfully filing a false claim for refund, low income,
4 elderly, and disabled property tax credit filing and
5 certification dates, computation of the real estate transfer
6 tax, repeal of obsolete property tax provision, and providing
7 effective and retroactive applicability dates.

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

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HOUSE FILE 2312

H-5900

- 1 Amend House File 2312 as follows:
- 2 1. Page 1, line 7, by striking the words
- 3 "providing that" and inserting the following:
- 4 "allowing for".
- 5 2. Page 1, line 8, by striking the words "be
- 6 made".
- 7 3. Page 4, line 11, by inserting before the word
- 8 "home" the following: "mobile".

By HALVORSON of Clayton

H-5900 FILED APRIL 9, 1996

Adopted 4/17/96 (p. 1722)

HF 2312

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WITHDRAWN

TLSB 3222HV 76
mg/cf/24

1 Section 1. Section 421.17, Code Supplement 1995, is
2 amended by adding the following new subsection:

3 NEW SUBSECTION. 15. The director may establish criteria
4 allowing for the use of electronic filing or the use of
5 alternative filing methods of any return, deposit, or document
6 required to be filed for taxes administered by the department.
7 The director may also establish criteria providing that
8 payment of taxes, penalty, interest, and fees be made by
9 electronic funds transfer or other alternative methods.

10 The director shall adopt rules setting forth procedures for
11 use in electronic filing and electronic funds transfer or
12 other alternative methods and standards that provide for
13 acceptance of a signature in a form other than the handwriting
14 of a person. The rules shall also take into consideration any
15 undue hardship electronic filing or electronic funds transfer
16 or other alternative methods create for filers.

17 Sec. 2. Section 421.27, Code 1995, is amended by adding
18 the following new subsection:

19 NEW SUBSECTION. 5A. IMPROPER RECEIPT OF REFUND OR CREDIT.
20 A person who makes an erroneous application for refund shall
21 be liable for any overpayment received plus interest at the
22 rate in effect under section 421.7. In addition, a person who
23 willfully makes a false or frivolous application for refund
24 with intent to evade tax is guilty of a fraudulent practice
25 and is liable for a penalty equal to seventy-five percent of
26 the refund claimed. Repayments, penalties, and interest due
27 under this subsection may be collected and enforced in the
28 same manner as the tax imposed.

29 Sec. 3. Section 425.20, unnumbered paragraph 2, Code 1995,
30 is amended to read as follows:

31 A claim for credit for property taxes due shall not be paid
32 or allowed unless the claim is filed with the county treasurer
33 between January 1 and June 1, both dates inclusive,
34 immediately preceding the fiscal year during which the
35 property taxes are due. However, in case of sickness,

1 absence, or other disability of the claimant, or if in the
2 judgment of the county treasurer good cause exists, the county
3 treasurer may extend the time for filing a claim for credit
4 through September 30 of the same calendar year. The county
5 treasurer shall ~~submit-the-claim~~ certify to the director of
6 revenue and finance on or before ~~August~~ May 1 of each year the
7 total amount of dollars due for claims allowed.

8 Sec. 4. Section 425.23, subsection 3, paragraph a, Code
9 1995, is amended to read as follows:

10 a. A person who is eligible to file a claim for credit for
11 property taxes due and who has a household income of six
12 thousand dollars or less and who has an unpaid special
13 assessment levied against the homestead may file a claim for a
14 special assessment credit with the county treasurer ~~that-the~~
15 ~~claimant-had-a-household-income-of-six-thousand-dollars-or~~
16 ~~less-and-that-an-unpaid-special-assessment-is-presently-levied~~
17 ~~against-the-homestead.~~ The department shall provide to the
18 respective treasurers the forms necessary for the
19 administration of this subsection. The claim shall be filed
20 not later than September 30 of each year. Upon the filing of
21 the claim, interest for late payment shall not accrue against
22 the amount of the unpaid special assessment due and payable.
23 The claim filed by the claimant constitutes a claim for credit
24 of an amount equal to the actual amount due upon the unpaid
25 special assessment, plus interest, payable during the fiscal
26 year for which the claim is filed against the homestead of the
27 claimant. However, where the claimant is an individual
28 described in section 425.17, subsection 2, paragraph "b", and
29 the tentative credit is determined according to the schedule
30 in section 425.23, subsection 1, paragraph "b", subparagraph
31 (2), the claim filed constitutes a claim for credit of an
32 amount equal to one-half of the actual amount due and payable
33 during the fiscal year. ~~The-department-of-revenue-and-finance~~
34 ~~shall-upon-the-filing-of-the-claim-with-the-department-by-the~~
35 ~~treasurer, pay-that-amount-of-the-unpaid-special-assessment~~

~~1 during-the-current-fiscal-year-to-the-treasurer. The~~
~~2 treasurer shall submit-the-claims~~ certify to the director of
~~3 revenue and finance not later than October 15 of each year the~~
~~4 total amount of dollars due for claims allowed. The-director~~
~~5 of-revenue-and-finance-shall-certify-the-amount-of~~
~~6 reimbursement-due-each-county-for-unpaid-special-assessment~~
~~7 credits-allowed-under-this-subsection.~~ The amount of
8 reimbursement due each county shall be paid by the director of
9 revenue and finance ~~on-October-20~~ by November 15 of each year,
10 drawn upon warrants payable to the respective treasurer.
11 There is appropriated annually from the general fund of the
12 state to the department of revenue and finance an amount
13 sufficient to carry out the provisions of this subsection.
14 The treasurer shall credit any moneys received from the
15 department against the amount of the unpaid special assessment
16 due and payable on the homestead of the claimant.

17 Sec. 5. Section 427.1, subsection 27, Code Supplement
18 1995, is amended by striking the subsection.

19 Sec. 6. Section 428A.1, unnumbered paragraph 1, Code 1995,
20 is amended to read as follows:

21 There is imposed on each deed, instrument, or writing by
22 which any lands, tenements, or other realty in this state are
23 granted, assigned, transferred, or otherwise conveyed, a tax
24 determined in the following manner: When there is no
25 consideration or when the deed instrument or writing is
26 executed and tendered for recording as an instrument
27 corrective of title, and so states, there is no tax. When
28 there is consideration and the actual market value of the real
29 property transferred is in excess of five hundred dollars, the
30 tax is eighty cents for each five hundred dollars or
31 fractional part of five hundred dollars in excess of five
32 hundred dollars. The term "consideration", as used in this
33 chapter, means the full amount of the actual sale price of the
34 real property involved, paid or to be paid, including the
35 amount of an encumbrance or lien on the property, whether if

1 assumed or-not by the grantee. It is presumed that the sale
2 price so stated includes the value of all personal property
3 transferred as part of the sale unless the dollar value of
4 personal property is stated on the instrument of conveyance.
5 When the dollar value of the personal property included in the
6 sale is so stated, it shall be deducted from the consideration
7 shown on the instrument for the purpose of determining the
8 tax.

9 Sec. 7. Section 435.22, subsection 5, unnumbered paragraph
10 1, Code 1995, is amended to read as follows:

11 A claim for credit for home tax due shall not be paid or
12 allowed unless the claim is actually filed with the county
13 treasurer between January 1 and June 1, both dates inclusive,
14 immediately preceding the fiscal year during which the home
15 taxes are due and, with the exception of a claim filed on
16 behalf of a deceased claimant by the claimant's legal
17 guardian, spouse, or attorney, or by the executor or
18 administrator of the claimant's estate, contains an affidavit
19 of the claimant's intent to occupy the home for six months or
20 more during the fiscal year beginning in the calendar year in
21 which the claim is filed. However, in case of sickness,
22 absence, or other disability of the claimant, or if in the
23 judgment of the county treasurer good cause exists, the county
24 treasurer may extend the time for filing a claim for credit
25 through September 30 of the same calendar year. The county
26 treasurer shall ~~submit-the-claim~~ certify to the director of
27 revenue and finance on or before ~~August-1~~ November 15 each
28 year the total dollar amount due for claims allowed.

29 Sec. 8. Sections 1, 2, 3, 4, and 7 of this Act, being
30 deemed of immediate importance, take effect upon enactment and
31 apply retroactively to January 1, 1996. Sections 3, 4, and 7
32 of this Act apply to claims filed on or after January 1, 1996.

33 EXPLANATION

34 The bill allows the director to establish criterial for
35 allowing tax returns and other documents required for tax

1 administration to be filed by electronic means or other
2 alternative methods rather than on a paper document. It
3 further provides that the director may require that payments
4 be made to the department by electronic funds transfer.

5 This bill allows the department to recover taxes refunded
6 in error plus applicable interest. If the refund is false or
7 frivolous, with the intent to evade tax, the department would
8 have authority to assess a 75 percent penalty plus applicable
9 interest. This action is made a fraudulent practice.

10 The bill extends the time for taxpayer filing of claims for
11 the additional homestead property tax credit by four months
12 for certain good cause shown to the county treasurer, extends
13 the time for counties to file claims with the department for
14 these credits allowed by nine months, gives the department an
15 additional 26 days to reimburse counties for special
16 assessment credits allowed on these homesteads, extends the
17 time for filing mobile home reduced tax rate claims by four
18 months for certain good cause shown to the county treasurer,
19 and extends the time for counties to file claims with the
20 department for mobile home reduced tax rate claims allowed by
21 three and one-half months.

22 The bill excludes from the definition of "consideration"
23 the amount of any debt on the property that is not assumed by
24 the grantee for purposes of the real estate transfer tax.

25 The bill repeals a provision pertaining to an exemption
26 from personal property tax for military personnel since the
27 personal property became exempt from taxation in 1986.

28 The bill provides an effective and applicability date
29 provision for the property tax credit claims changes made in
30 the bill.

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Halvorson, Chair
Deukla
Bernau

HSB 679

WAYS AND MEANS

Succeeded By

SF/CF 2312

SENATE/HOUSE FILE

BY (PROPOSED DEPARTMENT OF
REVENUE AND FINANCE BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

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18 months for certain good cause shown to the county treasurer,
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20 department for mobile home reduced tax rate claims allowed by
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23 the amount of any debt on the property that is not assumed by
24 the grantee for purposes of the real estate transfer tax.

25 The bill repeals a provision pertaining to an exemption
26 from personal property tax for military personnel since the
27 personal property became exempt from taxation in 1986.

28 The bill provides an effective and applicability date
29 provision for the property tax credit claims changes made in
30 the bill.

31 BACKGROUND STATEMENT
32 SUBMITTED BY THE AGENCY

33 Section 1--Due to the rapid change in technology many
34 documents which used to be transmitted on paper are now being
35 transmitted electronically. Transmissions by electronic means

1 are much faster, present less chance for error, and avoid loss
2 in the United States mails.

3 The department is presently receiving some selected tax
4 payments by electronic funds transfer and hopefully will be
5 ready to receive tax documents electronically or by telephone
6 or computer within the next year or so. Many larger
7 retailers, corporations, and suppliers of fuel are presently
8 filing tax documents with other states electronically or by
9 telephone or computer. This legislation grants the director
10 the authority to establish criteria for the filing and payment
11 by electronic or other means. However, the director must also
12 adopt rules before the criteria may be implemented.

13 Section 2--Present law provides that the department may
14 impose a 75 percent penalty if a person fails to pay the
15 correct amount of tax with the filing of a return or deposit,
16 if the failure is intentional with intent to evade tax.

17 This legislation provides a comparable penalty for persons
18 who file an erroneous refund claim with intent to evade tax.
19 There is presently a 75 percent penalty for erroneous motor
20 vehicle fuel tax refunds. This change will apply to all taxes
21 administered by the department.

22 Section 3--Extends the time for claiming the additional
23 homestead property tax credit claims in the case of sickness,
24 absence, or disability from June 1 to September 30. This
25 extension permits claimants to file claims up to the due date
26 for property taxes to be paid. This change will allow more
27 claimants to receive a credit against their property tax bill
28 rather than having to pay their taxes up front and receive a
29 reimbursement from the department of revenue and finance.

30 Section 3--Also extends the county treasurer certification
31 date for claims allowed from August 1 to May 1 of the
32 following year. It permits the counties more time to process
33 the claims and complete their paperwork.

34 Section 4--Extends the time the department of revenue and
35 finance has to reimburse counties for special assessment

1 credit claims allowed from October 20 to November 15.
2 Presently, the department has only five days from the date of
3 receipt to process and pay the county claims for
4 reimbursement.

5 Section 5--Repeals a property tax exemption statute that is
6 no longer applicable because the personal property to which
7 the exemption applies is no longer taxable.

8 Section 6--In an opinion of the attorney general (12-15-
9 94), it was opined that a gift of real estate was subject to
10 the real estate transfer tax if the grantee did not assume the
11 mortgage on the property. The attorney general determined
12 that the statutory definition of consideration included the
13 amount of the unassumed debt. It has been longstanding
14 department policy to exempt gifts of this nature from the real
15 estate transfer tax because in the opinion of the department
16 no sale has occurred and therefore no consideration is
17 involved because the grantor has received no benefit as a
18 result of the property transfer.

19 Section 7--Extends the time for filing mobile home reduced
20 tax rate claims in the case of sickness, absence, or
21 disability from June 1 to September 30. This change provides
22 for a consistent filing date with the other two property tax
23 relief programs for the low-income or disabled.

24 Section 7--Also extends the county treasurer certification
25 date for claims allowed from August 1 to November 15 to
26 compensate for the four-month extension of time allowed for
27 the filing of claims.

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